FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Action to bar soccer louts

Mr. Denis Howell, Minister of Sport, has announced a new clampdown on soccer hooliganism. All future Manchester United away matches are to be ticket-only occasions and out-of-town supporters' clubs are to be discouraged.

The Minister's working party, which includes the Football Association and the Football League, will consider extending the "tickets only" scheme to other matches. Organisers of trips to matches of all clubs will be told to ban alcohol on coaches and trains carrying supporters.

The Criminal Law Bill, to be considered in the Commons after Easter, will increase penalties for soccer hooliganism.

Naples Socialist leader kidnapped

Police set up roadblocks over a wide area after Sig. Guido de Martino, 34, the Naples branch secretary of the Socialists, was kidnapped. The extreme Left-wing Proletarian Armed Nuclei claimed responsibility for the seizure in a phone call to a Rome Communist newspaper. Sig. de Martino's father is the Socialists' former national secretary. Page 6

Mentmore 'lost'

Last-minute efforts to save Mentmore Towers for the nation appear to have failed. The art collection will be auctioned at Sotheby's from May 18. Catalogues will be posted to-day. Back Page

Soldiers in court

Twelve soldiers and two ex-soldiers, all attached to a bomb squad last year, will appear in a Belfast court to-day on charges alleging theft, receiving and handling stolen property. An Ulster Defence Regiment corporal, shot dead outside his home in the Glenside district of Londonderry, was married with five children.

Health factor

The health of Mr. Leonid Brezhnev, the 70-year-old Soviet party leader, may have been a factor hindering progress in the recent abortive talks in Moscow on strategic arms limitation. Senior members of the U.S. delegation were struck by what seemed a deterioration in his physical condition. Back Page

Cricket victory

The Appeal Court lifted a High Court ban on a village cricket club from hitting boundaries into a neighbouring garden. Lord Denning, Master of the Rolls, said he was surprised that a housing estate was allowed so close to the Lintz cricket club ground at Burnopfield, Durham.

Record go-ahead

The Beatles lost their High Court bid to ban the release of a twin record album based on "informal and unrehearsed" Hamburg tapes made in 1961, before they became big names. A temporary ban was refused in the Appeal Court.

Briefly . . .

King Khaled of Saudi Arabia has bought Kenstead Hall, Bishop's Avenue, Hampstead, the home of shipping millionaire Mr. Ravi Tikkoo for about £3m. Page 11

Eritrean guerillas claim to have taken an important Ethiopian town 25 kilometres from the Sudanese border. Page 6

Fire destroyed more than 6,000 appliances at the main stores of South Wales Electricity Board in Cardiff. Damage was estimated at over £500,000.

Lord Chelmer is to resign as treasurer of the Conservative Party on April 14 at his own request.

Two men charged with forged dollar offences will appear in court to-day, police said.

[illegible] Sunderland girl, aged two, has [illegible] in both legs

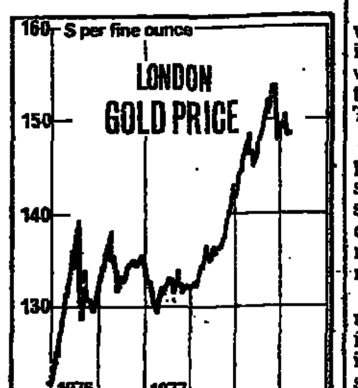
BUSINESS

Equities drift; Wall St. new low

● EQUITIES drifted downwards in quiet trading. The FT 30-share index fell 2.9 to 400.5 while the All-Share was 0.1 per cent. lower at 168.94.

● GILTS were firm as a few buyers returned to an oversold market. The Government Securities index rose to 69.71, recovering 0.33 of the previous three-day 1.58 loss.

● STERLING fell 6 points to $1.7193; its weighted index was unchanged at 61.8. The dollar's weighted depreciation widened to 0.94 (0.89) per cent.



● GOLD rose $¼ to $148¾ ahead of the IMF auction.

● WALL STREET closed 1.41 down at 914.73, a new low for the year.

● MINIMUM Lending Rate reduction from the prevailing 9¼ per cent. is possible to-day, though the Bank of England indicated that it would not welcome a sharp fall in rates. Back Page

Morris contest won by Davy

● DAVY INTERNATIONAL has stepped in with a conclusive £9.3m. take-over bid for Herbert Morris, the Loughborough crane manufacturers. The Davy holding has topped 50 per cent. Back Page and News Analysis, Page 13

● CAR imports into the U.K. in March took 45.6 per cent. of the market, compared with 39.5 per cent. in February. Page 11. New car sales in the U.S. jumped 14 per cent. last month. Page 5

● HOUSING starts in February fell to nearly the lowest level for more than 18 months, at 14,700 compared with 25,200 a year earlier. Page 11

● FRENCH Government announced it would ask Parliament to postpone the introduction of capital gains tax on stocks and shares for one year. The Paris bourse rose Page 4

● JAPANESE capital investment by industry will increase only 1.3 per cent. in fiscal 1977 compared with an estimated 13.5 per cent. in 1976, according to the Long Term Credit Bank. Mr. Robert Strauss, the new U.S. Special Trade Negotiator, arrived in Tokyo for trade talks concentrating on Japan's colour TV exports. Page 6

COMPANIES

● GUARDIAN ROYAL pre-tax profit rose in 1976 to £61.1m. (£49.6m.). Sun Alliance rose to £37.84m. (£35.58m.). Phoenix Assurance rose to a record £24.5m. (£18.2m.). Page 19 and Lex

● ROWNTREE Mackintosh pre-tax profit rose in 1976 to £30.9m. (£22.67m.). Page 20 and Lex

● READY Mixed Concrete pre-tax profit rose in 1976 to £22.94m. (£12.64m.). Page 18

● W.H. SMITH pre-tax profit for the year to January 29 rose to £15.63m. (£11.25m.). Page 18

● TAYLOR WOODROW pre-tax profit for 1976 was up at £21m. (£14.77m.). Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treasury 12pc 1983	£107¼	+ 1	Bibby (J.)	110	− 5
Treasury 12½pc 1992 (£15 paid)	£16½	+ ½	Bowater	182	− 6
Abbott and Wilson	89	+ 6	Chesterfield Prop.	178	− 5
[illegible] Printing	39	+ 4	Cont. and Ind. Trust	166	− 6
[illegible]ch	97	+ 6	Davy Intnl.	151	− 6
[illegible]on and Sons	57	+ 8	GKN	312	− 14
[illegible]s Footwear	36	+ 6	Imry Prop.	162	− 6
[illegible] Value	23	+ 14	Lucas Inds.	231	− 6
Japanese Bronze	26	+ 4	Mathews (B.)	113	− 5
[illegible]s (Herbert)	263	+ 6	Prop. Hlding Inv.	246	− 6
[illegible] International	164	+ 3	Royal Ins.	398	− 10
Smith (W. H.) "A"	446	+ 16	Sun Alliance	407	− 10
Taylor Woodrow	312	+ 10	Telephone Rentals	88	− 5
Warren (Jas.)	73	+ 6	Thomson Org.	435	− 5
BP	780	+ 10	Wolverhmptn. Dudley	145	− 3
FALLS			Oil Explrn.	96	− 8
Assoc. Dairies	250	− 4	Blyvoor	315	− 10
Barclays Bank	243	− 3	Durban Deep	200	− 15
			Kloof Gold	310	− 15
			New Wits	92	− 6
			Pancontinental	900	− 75
			Union Crpn.	250	− 10
			Yukon Cons.	154	− 6

Glimmer of hope for settlement in Heathrow row

BY ALAN PIKE, LABOUR STAFF

A glimmer of hope that it might be possible to reach a peace formula in the British Airways engineering workers' dispute in time to salvage many Easter holiday flights began to emerge from long negotiations late last night.

After seven hours, discussions at a meeting of the National Joint Council for Air Transport, on which British Airways management and all the industry's unions are represented, were still in progress. It appeared, that following a difficult start the talks were beginning to make a little headway.

The Amalgamated Union of Engineering Workers shop stewards, who are leading the unofficial dispute though not officially members of the NJC were being consulted as the talks progressed.

They say that British Airways withdraw dismissal notices which it proposes to send to employees who disregarded an instruction to retur nto normal working on Tuesday.

This should not present impossible difficulties, but there still has to be resolved the shop stewards' demand that their claim for higher shift pay be negotiated outside the official machinery.

Representatives of other unions on the NJC continued to insist that the AUEW engineering workers could not be granted separate bargaining rights in this way.

The Heathrow dispute became potentially more explosive yesterday when leaders of the recent month-long British Leyland toolmakers' strike became involved, with an offer to support the engineers at British Airways.

A delegation of toolmakers is to visit Heathrow, probably to-day, to "ascertain the most effective form of action necessary."

Intervention by the toolmakers in the British Airways dispute illustrates the extremely unstable situation among skilled members of the Amalgamated Union of Engineering Workers, over which the union's leaders are trying anxiously to maintain control.

After yesterday's toolmakers' committee meeting, their leader, Mr. Roy Fraser, read a statement deploring the attitude of the AUEW executive in "standing back and not mobilising the whole of the AUEW" against the British Airways management's announcement that it would dismiss the 4,000 Heathrow engineers unless they returned to normal working.

Mr. Fraser said that his committee had received shop-floor calls for an indefinite strike in support of the British Airways engineers.

Should British Airways give effect to the dismissal threat the toolroom committee would recommend support for the engineers there. It was, said Mr. Fraser, not *his* committee's wish to hit Leyland, but the question of defining the right of workers to strike could be paramount.

During the toolroom strike the AUEW executive supported a move by British Leyland to dismiss the strikers unless they returned to work. The wisdom of

Continued on Back Page

Flights cancelled again

For the fifth day running, British Airways has cancelled all its short-haul U.K. domestic and European international flights from Heathrow although it hopes to put on about 20 or so of its 24 planned long-haul intercontinental flights. The airline is still trying to rebook stranded passengers on to the scheduled aircraft of other short-haul international airlines, but is finding this increasingly difficult as their flights become fully booked with the start of the summer season on top of the Easter holiday. Intending passengers are advised to telephone 01-759 4848 for information on all short-haul flights, or 01-759 2525 for long-haul flights.

Hint of mini-Budget in summer or autumn

BY ADRIAN HAMILTON

MR. DENIS HEALEY, Chancellor of the Exchequer, yesterday gave industrialists and union leaders a clear hint that a further mini-Budget to boost demand could be on the cards for summer or autumn.

Discussing the Budget at the monthly meeting of the National Economic Development Council, he suggested that—provided favourable trends continued—he would consider giving "greater stimulus to the economy."

He also indicated his determination to keep the exchange rate as stable as possible over the coming months during discussion of a NEDO paper implying that deliberate intervention to force down rates had only limited impact on export competitiveness.

Reporting on the economic situation, Mr. Healey said he was still anxious to see how the Public Sector Borrowing Requirement and the pay talks went over the next few months. He also wished to get a clearer picture of the balance of payments, which had been swinging back and forth recently.

But he left his listeners with the clear impression that further reflationary action was a distinct possibility and that—while he gave no clue as to exact timing—the Government could make up its mind in two or three months.

His hint reflects a growing mood of cautious optimism in *the Treasury about the balance* of payments and public expenditure. Officials are thought to be particularly confident about the extent of public expenditure restraint introduced by cash limits. There is a strong feeling that this should ensure that the White Paper targets of February are undershot.

The falling interest rates should also reduce expenditure, so that the PSBR target laid down by the IMF might still *leave room for further action* either to cut taxes or increase spending.

The main worries still concern the balance of payments—although the move towards surplus seems to be more rapid at the moment than expected—and Phase Three negotiations and their impact on sterling.

Provided these develop satisfactorily, then the choice of timing would seem to be July, for an income tax cut and October for action limited to using the regulator on indirect taxes or raising spending.

Ideally, the Chancellor would prefer to act on income tax rather than indirect taxes—although the pressures for a rise in spending could prove strong.

The timing and extent of action might also be influenced by the prospects of an Autumn election.

Another factor pushing the Government into consideration of further action is the continuing worries of the unions about the slow pace of recovery and high unemployment.

While yesterday's NEDC meeting was described afterwards as "routine," union leaders are thought to have stressed again their concern on this score and their disappointment with the extent of fiscal stimulus to the economy.

The meeting became a prolonged discussion of the exchange rate question following a paper prepared by the NEDO office showing that non-price factors played a major part in export performance and that exchange rate depreciation — on the evidence of other countries — did not necessarily lead to export growth.

Mr. Healey suggested that keeping the pound at $1.71 would reduce the retail price index by 3 per cent. points a move which would otherwise require some £2bn. to £3bn. in subsidies.

The CBI, in a separate paper, suggested that the influence of non-price factors could be exaggerated. But industrialists at the meeting indicated that a moderate further upward movement of sterling need not cause them problems in selling their goods abroad.

IMF seeks more exchange rate movement, Back Page

GKN launches £67m. rights issue for capital spending

BY MARGARET REID

GUEST KEEN and Nettlefolds, Britain's largest engineering group, yesterday launched a £67m. rights issue, which will help to finance capital spending planned to expand to £95m. this year, compared with £67m. in 1976.

The rights issue is the third biggest ever made by a British company, ranking in size only after those of Imperial Chemical Industries, which last year raised about £200m., and British Petroleum, which made an issue in 1971 totalling £123m.

The cash-raising operation, which has enabled GKN to forecast a 25 per cent. increase in its 1977 dividend, was announced as the company disclosed that its pre-tax profits had risen in 1976 by £28.1m. to a record £97.8m.

The shares last night closed 14p down at 312p, having ranged this year between 279p and 342p. Shareholders are being offered one new share at 265p for every five now held. The issue has been underwritten by Morgan Grenfell and N. M. Rothschild and Sons; the brokers are Rowe and Pitman, Hurst Brown, and Smith Keen Cutler.

Mr. Paddy Custis, GKN finance director, said yesterday that the basic purpose of the issue was to finance capital expenditure. But he added that it was also being made with an eye to keeping share capital appropriately in line with borrowings against a background of expanding activities.

The group is seeking to take over a near-75 per cent. stake in the West German motor component manufacturer Fichtel und Sachs, and has already bought 24.98 per cent of it. Acquisition of the additional 50.01 per cent. is dependent on the outcome of an appeal to the West German Federal Supreme Court by the Federal Cartel Office. Mr. Custis said GKN was confident of the outcome of the case.

The deal, if it goes through, will have cost GKN DM330m. (£80.5m.) and, while this is all being financed outside the U.K., the operation will enlarge the group's debt and so the appropriateness of further reinforcing its capital base, the Board considered.

GKN's borrowings expanded sharply last year, when its overdraft went up by £46m., and medium and long term indebtedness grew by £45m. In addition to £67m. of capital spending, of which £30m. was in Britain, the group had to finance an extra £82m. of working capital.

Forecasting the prospect for 1977, the Board, headed by Mr. Barrie Heath, says sales are expected to show some volume increase over 1976, and that this should enable benefits from recent years' modernisation and *replacement to be reflected in profits.*

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Publisher's Notice
FINANCIAL TIMES
will NOT be published on Good Friday, April 8, or on Easter Monday, April 11. It will be published on Saturday, April 9, as usual.

$ in New York

	April 6	Previous
Spot	$1.7190-7194	$1.7195-7203
1 month	0.60-0.55 dis	0.55-0.50 dis
3 months	1.70-1.72 dis	1.70-1.65 dis
12 months	7.20-7.00 dis	7.15-6.80 dis

£95m. more for inner cities

BY QUENTIN GUIRDHAM

A. FURTHER £95m. will be added next year to Government expenditure in inner cities, Mr. Peter Shore, Environment Secretary, announced yesterday.

Most of the money will be channelled through new partnership agreements between national Government and the local authorities in large urban areas.

The first partnership arrangements will be offered to Liverpool, Birmingham, Manchester-Salford, and in London to the Borough of Lambeth and the dock areas.

The extra £95m. will come under the Urban Programme, at present administered by the Home Office and devoted mainly to social projects.

It will be increased from £30m. to £125m. and responsibility for *it, apart from race relations and* voluntary services projects, transferred to the Department of the Environment and the Welsh Office.

Mr. Shore described the larger grants as a continuing commitment, amounting to more than £1bn. over the next decade.

It is added to the £100m. over the next two years which the Chancellor announced in the Budget as an extra sum for construction in certain inner cities.

Mr. Shore would not say where cuts in other Government expenditure would fall to find the £95m. A White Paper on inner city policy was being prepared.

Economic revival was the most important factor in curbing "a massive and disproportionate loss of jobs and a major exodus of population."

Problems

He proposed that urban areas with serious problems receive extended powers to attract industry, designate industrial improvement areas, lend to companies in all types of property, not merely that owned by councils, make rent concessions on council properties and build *speculative factories.*

He forecast changes later this year in both Industrial Development Certificate and Office Development Permit policy.

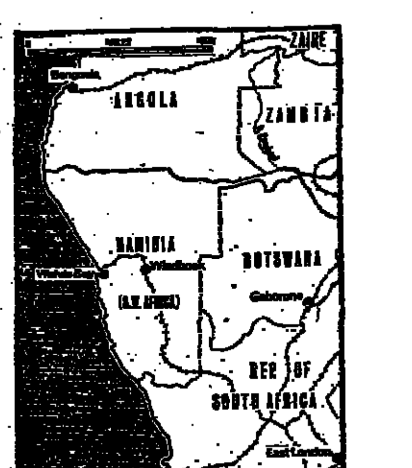
"Whilst previous Governments of both parties have paid increasing attention to urban problems, the extent and the changed character of the inner-city problems is only now becoming fully understood.

"During the post-war period policies have concentrated on encouraging the export of inner city populations and on large-scale, comprehensive redevelopment to provide new homes. But too little attention has been *paid to the economic health and* to the community interests of the inner areas."

Editorial Comment Page 16
Parliament Page 14

U.K. and U.S. in protest on Namibia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT



BRITAIN, the U.S. and three other key Western members of the UN Security Council will tell South Africa to-day that they do not accept its policies aimed at independence for Namibia (South West Africa).

In an unprecedented display of unity on the issue, the Ambassadors of Britain, the U.S., France, Germany and Canada are to have a joint interview with Mr. John Vorster, the South African Prime Minister, in Cape Town this afternoon.

On the instructions of their Governments, they will tell him that the independence constitution for Namibia, drawn up over the last 18 months by the Turnhalle conference, has no chance of gaining Western let alone world acceptance.

The constitution, which is due to be given legal status by the South African parliament next month, would install a Government chosen on an ethnic basis, with no provision for the contest of elections by political parties.

The Ambassadors will tell Mr. Vorster, whose Government controls Namibia in contravention of United Nations resolutions, that unless there are territory-wide elections supervised by the United Nations the new constitution cannot be recognised by the West.

They will also say that Swapo, recognised by the UN and the Organisation of African Unity as the sole nationalist party in the territory, must be allowed to contest such elections.

While it is not clear whether the Western stand amounts to total rejection of the Turnhalle conference, it undoubtedly represents the strongest Western protest yet made on Namibia.

Hitherto, Britain and other Western states have confined themselves to bilateral and largely unpublicised protests against South Africa's occupation of Namibia.

The protest also has a wider significance. It is understood that in the Note to be delivered to-day by all five ambassadors the "carrot and stick" approach to South Africa has been employed.

The concluding paragraph of the Note is believed to contain a veiled threat that if South Africa does not make the necessary changes in policy on Namibia the five states may be forced to reconsider their use of the veto in forthcoming UN debates on Namibia, thus opening up the possibility of allowing African demands for sanctions against the territory.

Clearly, the Western hope is that South Africa will heed this warning salvo. If it does not, the west may find itself confronted with a serious dilemma.

Though U.S. policy towards South Africa is far from clear, key people within the Carter Administration favour a much tougher policy towards South Africa.

Young backs sanctions Page 5

LOMBARD

Monopoly, blackmail and market power

BY ANTHONY HARRIS

THE TRADE UNIONS are naturally highly unpopular at the moment, as suicidal strikes are succeeded by strikes apparently aimed to cause the greatest possible inconvenience to the public, and any Conservative politician making a speech over Easter can be sure of a round of applause if he says something hostile about "trade union monopoly power." Yet if Mr. Hugh Scanlon happened to be in the audience, he might well ask wryly whose monopoly it was which was being criticised. These strikes attack the union as much as they do the employer. There is something wrong with our terms.

This confusion, of course, has a very long history. In the distant past, as a specialist in motor industry affairs, I have heard both Lord Stokes and his predecessor, Sir George Harriman, remark that their own problems would be helped more than anything by stronger unions rather than weaker ones; and equally, the commonest criticism of successive attempts to run an incomes policy is that the TUC is too weak to deliver. Failing that, it is found that the control which individual unions have over their own membership is so loose that only a crudely over-simple policy is enforceable.

The Treasury, as much as the heads of strike-prone industries, would welcome stronger unions; but whenever unions do assert a strong central authority, there is sooner or later a rebellion on the shopfloor.

Do harm

The fact is that it is almost impossible to find any evidence in British industrial history that it is organised pressure from the big unions which sets off wage-cost inflation, and this is not surprising. The central problem with wage determination is that the central commonsense truth of wage inflation—that money wage increases in excess of productivity do harm rather than good—is simply not true of any individual group of workers. They do not put in large claims because they hope to beat the laws of economics, but because they hope to beat the averages. Hence the frequent calls for a single date for the annual wage round. This would indeed make it more difficult to play leap-frog but again it suggests a stronger union monopoly rather than a weaker one.

Of course, what people usually mean when they attack the unions is not that they are indulging in monopoly pricing, but in plain blackmail. Groups of key workers can paralyse a whole enterprise, or indeed the whole of the nation's foreign trade, or even put the whole of industry onto a three-day week. This is the strike-threat system which has often been denounced as the root of our troubles, and inspired first Mrs. Castle and later Mr. Heath to try to alter the law of labour relations. The trouble is that such attempts arouse the blackest atavism in trade unionists, and even sorely-tried leaders like Mr. Scanlon, who must sometimes secretly long for a legal whip to crack, or an Ernest Bevin to call in the troops, rise in defence of anarchy.

However, before too much fuss is made about the blackmail issue, it is worth making two points. The first is that given the effectiveness of blackmail of this kind, it is remarkable how large a majority of trade unionists refrain from exercising it at all. It is true that a number of key industries are paralysed every few years by an official national strike: but that is true in every free society. The pressure of unofficial action by a few workers is a mark of only a few industries, characterised both by the weak bargaining position of employers and by a general history of poor labour relations: often the trouble erupts in particular companies rather than industries. That is really why legal remedies seem inappropriate.

Thrown out

In these unhappy organisations labour relations are often conducted as power politics rather than as bargaining. That is perhaps why efforts by employers to buy peace, offering quite generous pay increases conditional on uninterrupted working, are usually thrown out by the shop stewards concerned. They express their power through causing trouble.

However, even trouble-prone companies have periods of peace, and it is worth reflecting why this should be: it is usually because the workers see a real threat of bankruptcy bringing the game to an end. Such a threat can also occasionally produce a real reform of labour relations, and a new understanding.

One is left to wonder, then, why this threat so seldom appears, given the damage which disputes cause. The reason most commonly offered is lame duck interventions by Governments; but surely there is a still more fundamental one: the growing market power of employers rather than trade unions. Industrial concentration and oligopolistic pricing have gone further in Britain than anywhere else; and firms which can raise their prices with impunity are a pushover for union militants. It is here, surely, that the real monopoly threat is to be found.

RACING BY DARE WIGAN

Carriage Way clear

AT THIS stage of the season an outing in public is of inestimable benefit to most horses, and this consideration influences me to make Carriage Way a reasonably confident selection for the Fred Archer Handicap at Haydock this afternoon.

Carriage Way, a brown colt by Track Spare, trained by Capt. Ryan Price at Findon, in Sussex, won the valuable Ribero Stakes at Doncaster in September and reappeared on the same course a fortnight ago, finishing third to Tudor Jig and Donzel in the Tote Spring Handicap over seven furlongs.

He made strong late progress that day, and will be suited by the additional furlong; and 40 yards this afternoon.

Two others who have already had a run this season and acquitted themselves well are Scarlet Thread and Peranka.

Scarlet Thread, who was unfortunate when he caught Major Role on one of the latter's good days at Doncaster, has Deep River to beat in the Freddy Fox Handicap.

Peranka, who goes for the Herbert Jones Handicap, was attempting a formidable task when endeavouring to concede a stone to Zoroaster at the same meeting, and has nothing of the class of Mr. Phil Bull's grey colt to contend with here.

W. Marshall, trainer of Peranka, saddles Mirageld in the Mornington Cannon Maiden Stakes. This filly by Grey Mirage shaped well when runner-up to Sharp Pad at Catterick last week. But here I shall take a chance with the unraced Dixie Belle, whom Lester Piggott rides for Gavin Hunter.

Piggott also partners Ernel for Hunter in the Nat Flatman Maiden Stakes and this colt by Sassafras, who was supported to win a good-class maiden race at Newbury on his only appearance last season, will appreciate the one and a half miles of to-day's race.

HAYDOCK	
2.00	—Basildon Bond
2.30	—Scarlet Thread*
3.00	—Carriage Way***
3.30	—Dixie Belle
4.00	—Peranka**
4.30	—Ernel
SOUTHWELL	
4.15	—Alcock
4.45	—Angel Clare
WORCESTER	
3.00	—Brown Jock
3.30	—Flannigan III
4.00	—Brig

SALEROOM BY ANTONY THORNCROFT

Five Old Masters records go in £815,000 London sale

SOTHEBY'S held an extremely successful sale of Old Master paintings yesterday, with five auction records among the eight top lots sold. All told the auction brought in £815,100 with only 9 per cent. bought in.

The highest price was £50,000 (plus the 10 per cent. buyer's premium) by the London dealer Barclay for a pair of paintings by Boucher, "Le Moulin de Quiquengrogne à Charenton" and "Les Environs de Beauvais." A Dutch private buyer bought "Peasants in a Landscape by a Town," by Alessandro Magnasco, for £38,000, an auction record. Another record was the £36,000 from Koetser for "A Still Life of Fruit," by Luis Eugenio Melendez.

"A Scene in Brothel" by Godfried Schlacken sold for an artist record of £35,000, and another Melendez, a still life of lemons and oranges, was bought by Cyril Humphries for £31,000.

Pieter Brueghel the Younger's "A Winter Scene with a Bird Trap" fetched £28.00 0and two more auction records were £26,000 for Gerard Terborch's "Gesina Terborch and her Sister," and £23,000 for Bernardino Zaganelli's "Virgin and Child enthroned with Saints." Many of these paintings went for much more than their pre-sale estimates.

At Sotheby Parke Bernet in New York on Tuesday the Greffuhle Stradivari, one of only eight known decorated violins by the famous maker, sold for $170,000 (£98,808). This is the second highest auction price for a musical instrument, topped only by the Lady Blunt Strad, which made £84,000 in 1971. This would have converted on the day to $201,600. The buyer was a New York dealer.

There were unexpectedly high prices at a Christie's sale of autograph letters and manuscripts yesterday which brought in £34,021.

Musical letters did particularly well. A receipt signed by Beethoven for 80 ducats for making over the rights of four of his string quartets to Maurice Schlesinger in 1825 sold for £2,600 to Scriptorium, a Californian dealer, who also paid £1,800 for a letter written by Tchaikovsky accepting the commission to write the ballet music for The Sleeping Beauty.

A series of three letters from Bellini to Perucchini about a new opera went to Otto Haas, a London buyer, for £1,600 and a concert ticket signed by Haydn, dated 1794, made £720 to another London dealer, McNutt.

Away from music, two of Nelson's signal books were acquired for £2,000. A large collection of letters, documents, sketches, photographs and signatures by world leaders from 1740 to 1940 went to Burgess, a London dealer, for £2,200.

The National Army Museum paid £900 for a collection of documents about the volunteers from London and Westminster, and £160 for an officer's journal of his experiences in the War of the Austrian Succession.

Celtic Sea oil scope '1bn. tons'

SPECIALIST CONSULTANTS estimate that there could be more than 1bn. tons of oil under the Celtic Sea, just off West Wales. The most likely level of recoverable reserves from the sea area around Dyfed would be 330m. tons.

The consultants, engaged by Dyfed County Council, made their estimate in consultation with major oil companies and the Department of Energy. Their figures apply only within Dyfed's area of influence.

Special course for maths

A NEW DEGREE course to help meet the serious shortage of qualified mathematics teachers in schools, is to start at the University of Manchester Institute of Science and Technology next October.

The three-year course leading to a Bachelor of Science degree has been planned jointly by the institute and the Department of Education at Manchester University. Equal amounts of time will be spent on the study of mathematics and how to teach.

APPOINTMENTS

Guinness Peat Group executive changes

Mr. A. H. Cave has been appointed executive chairman of Lewis and Peat (Merchanting), formed by GUINNESS PEAT GROUP as a managing and co-ordinating company for its merchanting subsidiaries. The rest of the Board will comprise Mr. R. C. Buckle and Mr. F. C. Simeons as joint managing directors; Mr. B. W. Benn, Mr. P. W. Fagan, Mr. F. F. Hunt, Mr. J. G. Pooles, Mr. T. H. Sexton and Mr. B. K. Whalley as executive directors; and Mr. D. L. Burt, deputy chairman of Guinness Peat Group as a non-executive director. Mr. Hunt and Mr. Simeons have also been appointed managing directors respectively of Lewis and Peat (Overseas) and Biddle Sawyer and Company. Appointed directors of various operating subsidiaries are Mrs. K. Hawley to Lewis and Peat (Overseas). Mr. S. Nohl to Wogau Brameast. Mr. J. W. Thomas and Mr. J. Bailey to Morrison Fabrics, and Mr. P. Newman to Biddle Sawyer Foods and John Martin Foods.

★

Sir Jeremy Morse has resigned from the Board of LLOYDS AND SCOTTISH on assuming the chairmanship of Lloyds Bank.

★

Mr. John Macdonell, a director of Hill Samuel and Company and managing director of Hill Samuel Project Finance since its formation in 1974, has been appointed deputy chairman of HILL SAMUEL PROJECT FINANCE.

★

Sir Geoffrey Eley, deputy chairman of the BRITISH BANK OF THE MIDDLE EAST, and Mr. Claude E. Loombe have retired from the Board. Lord Denman has been appointed non-executive deputy chairman.

★

Mr. Gordon Bull, Eastern regional director of RHM Agriculture, has been appointed a director, joint chairman and chief executive of RANKS (IRELAND). He succeeds Mr. R. C. Loombe, who has been appointed a director of the parent company, Ranks Hovis McDougall. Mr. Bull takes up his new appointment in June. The new eastern regional director of RHM Agriculture, based at Baldock, Herts., will be Mr. K. J. Ford, at present managing director of Rawlings James and Phillips, one of RHM Agriculture's merchanting companies.

★

Following the appointment of Mr. B. C. Smith as member for marketing, a new organisation has been established at BRITISH GAS headquarters. Reporting directly to Mr. Smith will be: Mr. W. R. Probert, director of sales, who will be the deputising director. He will have responsibility for domestic and commercial markets and, as deputy, an overall responsibility particularly in tariffs and pricing policy. Mr. R. W. Hill, service director, responsible for customer service and conversion. Dr. E. Clatworthy, head of industrial marketing, responsible for all aspects of industrial gas marketing. Mr. J. A. Demont, presently assistant marketing director, becomes assistant sales director, responsible to Mr. Probert for the domestic market, including publicity, advertising, exhibitions and home service.

★

Dr. Basil Bard has been appointed chairman of the BIRMINGHAM MINT in succession to Mr. W. R. P. King, who had previously announced his intention to retire from the chairmanship at this time.

★

Mr. C. L. R. Hart and Mr. I. R. Posgate have been appointed directors and elected joint chairmen of ALEXANDER HOWDEN UNDERWRITING. Mr. D. R. Ransted has been appointed secretary.

★

Mr. Len Peach, director of personnel and corporate affairs, and Mr. Nicholas Jonas, director of management services division, have been appointed to the Boards of IBM UNITED KINGDOM HOLDINGS and IBM United Kingdom. They have resigned from the Board of IBM United Kingdom Rentals.

★

Mr. Gordon F. Ahalt has been appointed president and chief executive officer of the INTERNATIONAL ENERGY BANK from April 18. Mr. Ahalt succeeds Mr. V. R. B. Nordheimer, who will be rejoining Canadian Imperial Bank of Commerce to resume his duties as vice-president. Mr. Ahalt's previous posts have included that of senior vice-president with Chase Manhattan Bank in the Energy and Project Finance Groups.

★

INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES. Mr. C. A. Westwick has been appointed technical director to succeed Mr. J. M. Renshall, who, as previously announced, is leaving to join Peat Marwick Mitchell and Co. The new appointment takes effect on September 1. Mr. Westwick, who is presently on secondment as secretary to the Inflation Accounting Steering Group, joined the Institute's technical staff in 1971, and was appointed a deputy technical director in 1974.

★

RANK HOTELS. Mr. T. H. Meredith has become director of finance and administration from controller of finance and administration. Mr. F. J. Whitehouse has been appointed director of operations from operations manager for Rank's Royal Garden Hotel and out-of-London hotels.

★

Mr. Richard W. H. Hayes has been appointed a director of HINTON HILL INTERNATIONAL, part of the Hinton Hill Group.

★

Mr. A. R. J. Boyle has been appointed a director of NATIONAL PROVIDENT INSTITUTION.

★

Mr. J. Hugh Jones has been appointed a director of BEAUMONT PROPERTIES and of London Shop Property Trust. Mr. Jones recently retired from Lloyds Bank and from the Joint Credit Card Company (Access), where he was a director and chief executive.

★

Mr. W. R. S. Wheeler and Mr. J. W. Whitehead have retired from the Board of R. P. MARTIN AND CO. Mr. Whitehead remains a consultant.

★

Mr. Ian G. Sinclair has been appointed to the Boards of UNIONAMERICA INSURANCE COMPANY and Unionamerica Management Company. Mr. Sinclair has been an underwriter with Unionamerica since 1973.

Two days' television and radio programmes

To-day

† Indicates programme in black and white.

BBC 1

9.35 a.m. Roobarb. †9.40 Noggin the Nog. 9.50 Why Don't You . . ? 10.15 Singing Ringing Tree. 10.35 Fabulous Animals. 11.00 Other People's Children. 11.15 Close. 12.45 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 Close. 3.35 The 60, 70, 80 Show. 3.53 Regional News (except London). 3.55 Play School. †4.20 White Horses. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 Scooby Doo.
5.40 News.
5.55 Nationwide: the Basle Air Disaster.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 The Rockford Files starring James Garner.
8.30 Taste for Adventure.
9.00 News.
9.25 Parkinson—and the Roots phenomenon.
9.55 "A Man on a Swing," starring Cliff Robertson, Joel Grey.
11.40 Omnibus U.S.A.
12.15 a.m.-12.17 Weather/Regional News.

All Regions as above except at the following times:—

Wales—5.15-5.20 p.m. Crystal Tipps and Alistair. 5.20-5.40 Mae Gen I Stori. 5.55-6.20 Wales To-day. 6.45-7.10 Heddiw. 12.15 a.m. Weather, News for Wales.

Scotland—12.10-12.25 p.m. Bonn Comhraidh. 5.55-6.20 Reporting Scotland. 12.15 a.m. Weather, News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight in Northern Ireland affairs. 11.40-12.10 a.m. Taste of Adventure. 12.10 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. (Norwich) Look East; (Leeds, Manchester, Newcastle) Look North; (Birmingham) Midlands To-day; (Bristol) Points West; (Southampton) South To-day; (Plymouth) Spotlight South West.

BBC 2

11.00 a.m. Play School.
11.25 Close.
7.00 p.m. News and Weather.
7.05 Having a Baby.
7.30 Newsday (Westminster Report).
8.00 The Book Programme.
8.25 Shirley Bassey.
9.00 BC: The Archaeology of the Bible Lands, part 12.
9.30 The Tongues of Men, part 1.
10.20 Autumn Serendipity.
10.50 The Tongues of Men.
11.50 News, Weather.
12.00-12.05 a.m. Close. Hugh Dickson reads "The Gorilla" by Patricia Beer.

LONDON

9.30 a.m. A Big Country. 10.10 Animated Classics. 10.55 People of Warm Mud Mountain. 11.45 Merrie Melodies. 12.00 Granny's Kitchen. 12.10 p.m. Pipkins. 12.30 All About Babies. 1.00 News. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Public Eye. 3.20 Tranquil Heritage. 3.50 The Cedar Tree. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.00 To-day.
6.35 Crossroads.
6.55 "The Long Duel" starring Yul Brynner, Trevor Howard.
9.00 Galton and Simpson Playhouse.
9.30 This Week.
10.00 News.
10.30 Rock Follies, Episode 6.
11.30 Phyllis.
12.00 What the Papers Say.
12.15 a.m. Drawing to an End.

All IBA Regions as London except at the following times:—

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4

[illegible] Weather. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Days that Changed the World. 10.55 The Royal Maundy. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). †12.55 Weather and programme news. VHF (except London and SE): Regional News and Weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour. [illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

Good Friday

BBC 1

† Indicates programme in black and white.

9.20 a.m. Roobarb. †9.25 Noggin the Nog. 9.45 Why Don't You . . ? 10.10 Singing Ringing Tree. 10.35 Fabulous Animals. 11.00 Good Friday Service. 11.45 Brother . . . our Brother. 12.20 p.m. Boswell's Wildlife Safari to Mexico. 1.00 News, Weather. 1.20 "The Greatest Story Ever Told," starring Max von Sydow, Charlton Heston, John Wayne. 4.40 Young Magician of the Year. 5.05 Golden Antelope.
5.30 News: Sports Results; Weather.
5.45 Tom and Jerry.
5.50 Ask the Family.
6.15 Disney Time.
7.00 World Superstars.
8.15 Are You Being Served?
8.45 Roots: The saga of an American family. Part 1.
10.15 News; Weather.
10.30 "The Boy Friend," starring Twiggy, Christopher Gable.
12.15-12.17 a.m. Weather.

All Regions as BBC-1 except at the following times:—

Wales—9.15-9.30 a.m. Sioncyn Sboncyn. 6.50-6.55 a.m. Wales To-day. 6.05-6.35 Twndish. 6.35-7.00 Heddiw.

Scotland—5.45-5.50 p.m. Scottish News.

Northern Ireland—5.45-5.50 p.m. Northern Ireland News; Sport. England—5.45-5.50 p.m. Regional News and Weather (except London and S.E.).

BBC 2

11.00-11.25 a.m. Play School.
4.10 p.m. Pedro Linares, Papier maché model-maker.
4.35 "Marie Antoinette," starring Norma Shearer, Tyrone Power.
7.00 Gardeners' World.
7.25 Newsday.
7.45 A Child of our Time.
8.05 Grand Prix.
8.35 Stand By to Shoot: The making of Ingmar Bergman's film: "The Magic Flute."
10.15 The Roads to Freedom.
10.55 News, Weather.
11.05 Jazz from Montreux.
11.35 Close. Hugh Dickson reads "Bridges," by Leslie Norris.

LONDON

10.00 a.m. A Handful of Songs. 10.20 Pipkins. 10.35 "A High Wind in Jamaica," starring Anthony Quinn, James Coburn. 12.00 It's Ability That Counts. 12.30 p.m. Sounds Like McEvoy. 1.00 News. 1.05 Faith in Place. 1.35 A Place for the People: Sandringham. 2.00 "The Drum," starring Valerie Hobson, Raymond Massey. 3.50 The Cedar Tree. 4.15 Dominic. 4.45 Magpie Special. 5.15 University Challenge.
5.45 News.
6.00 Raffles.
6.00 Master of Morals.
6.35 Crossroads.
7.00 Berry's Lot.
7.30 Sale of the Century.
8.00 Hawaii Five-O.
9.00 "The Magic Christian" [illegible]
10.00 News.
10.30 "The Nerve," starring [illegible] Hayley Mills, Hywel Bennett, Billie Whitelaw and Phyllis Calvert.
12.20 a.m. Drawing To An End: Cartoons inspired by the life of Christ.

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible] Anglia. 12.55 p.m. Westward News Headlines. 6.00 Westward News Headlines. 6.33 A Tranquil Heritage. 7.00 Treasure Hunt. 7.30 Six Million Dollar Man. 8.35 Berry's Lot. 10.12 Westward News. 10.15 Late with Danron. †10.30 "The Fiend Who Walked The West" (film). 12.20 Focus on Easter.

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,350

ACROSS

1 Witness needs to take a grip when in drink (8)
5 Bureau that should be getting warmer (6)
9 Deer and hybrid neat stand and vegetable (8)
10 Shivering like fish (6)
12 Direct the attention of soldiers with iron resistance (5)
13 Where to be on the lookout for eggs? (5-4)
14 One who discovers a track to a river (6)
16 Trickled dried peas literally inside (7)
19 Withdraw note being put to pamphlet (7)
21 Transport for south Lancs. town (6)
22 Notice religious organisation making a confession (9)
24 Clean round one seat (5)
25 Open up a French bold (6)
27 Furtive enough to pinch what is yours? (8)
28 Formerly healthy but is to expire (6)
29 Used a manoeuvre in Eastern Mediterranean (8)

DOWN

1 Small restaurant that gets right in the gravy (6)
2 Two chiefs taking the plunge? (4, 5)
3 Row to the right in a big ship (5)
4 Abductor has to register one note inside (7)
6 Implement for lifting cod-steak? (4-5)
7 Void in a north-easterly direction (5)
8 Item in a sports programme I'd follow with a note at night (8)
11 A contemptible person to notice (4)
15 Grade-one state is unromantic (9)
17 Pagan accepts Oriental before attempt to make a splendid display (9)
18 Animal has to make a terrible fuss round old city (8)
20 Stumble right into refuse dump (4)
21 Can and must combine in retreat (7)
22 Fed full of fish and caused a strain on the nerves (6)
23 A lot left inside to cover the roots of plants (5)
26 Caught raw recruit in a stroke (5)

SOLUTION TO PUZZLE No. 3,349

هكذا من الأصل

مكبرا من الاصل

Boston opera

Glinka's 'Russlan'

by ANDREW PORTER

Glinka's *Russlan and Lyudmila* was done in St. Petersburg in 1842 and at St. Pancras in 1965, when Yvonne Minton sang a splendid Ratmir and I thought it an opera that Covent Garden should not despise. A captivating and impressive Boston production, staged and conducted by Sarah Caldwell, has convinced me that the conventional view—fine music, but a work dramatically unacceptable outside Russia—needs revision. *Russlan* is a fairytale, drawn from the verse-adventure with which the young Pushkin first made his mark. But it is also a "quest opera" and a "rescue opera" whose situations are more fantastic but are not really any sillier than those of *The Magic Flute*, *Siegfried*, and *Die Frau ohne Schatten*.

Glinka's thought, Gerald Abraham once wrote, is "always simple, usually individual, and often extremely beautiful," and he spoke of the light that seems to shine through his work. This beauty of thought and this luminosity—as well as the great musical beauty of almost all the numbers — were revealed in Boston. By Imperial Russian standards, the singing was not sweet or smooth enough—but then there are no Nezhdanovas around to-day, and it would be vain to expect them. Jeanette Scovotti was accurate and fleet in Lyudmila's first, playful aria and passionate—with a fine control of the wide-ranging chromatic arabesques — in her second. Victor Braun, whose vein of romantic yet virile melancholy served him well as Searle's Hamlet and Krenek's Orestes, rose to Russlan's great scene on the ancient battlefield strewn with bones (an aria that Glinka's latest biographer, David Brown, rightly describes as "noble heroic music of Beethovenian strength").

Giorgio Tozzi competed in vain with memories of Chaliapin in Farlaf's catchy, brilliant rondo, but he made something of it. Eunice Alberts was a likeable Ratmir, and she moved with grace through the mazes of Ben Stevenson's Persian dances, when the wicked witch's attendants, like flower-maidens, deflect the susceptible young prince from his mission. Mr. Stevenson himself played the wicked wizard Chernomor, a non-singing role, in the tradition of Ashton's Kashchey. John Moulson, from the Komische Oper, was rueful and winning as Finn, the benevolent magician, and Joseph Evans was lyrical as the Poet, who introduces the piece to the audience.

The staging was an enchantment, in very pretty décor by Herbert Senn and Helen Pond, based on Palekh lacquer paintings—those richly coloured, finely detailed folk images. The action soon got off the ground, literally: the aerial duel between Russlan and Chernomor—clinging to the wizard's long white beard, the hero is carried high above the rooftops—was exciting.

Sometimes Sarah Caldwell (as in the City Opera *Barbiere*) lets her exuberant invention get out of hand; sometimes — in her Boston productions of Berlioz's *I Capuleti*, of *Benvenuto Cellini*, and now of *Russlan*—she pulls off a miracle. Working with a scratch company (but good singers: Sills as Juliet, Troyanos as Romeo, Vickers as Cellini), in an uncomfortable and ill-equipped theatre, she gives a performance that reveals the essential truth about an opera so vividly and enjoyably as to fill her listeners with rapture. That *Russlan* contained wonderful music one had long known; but it took Miss Caldwell's musical and dramatic genius to reveal what a poetic adventure the whole opera could be.

Book Reviews are on Page 27

Joseph Evans as the Poet, before the drop curtain

Festival Hall

Jesus Lopez-Cobos

by MAX LOPPERT

The Spanish conductor Jesus Lopez-Cobos led the Royal Philharmonic Orchestra in Tuesday's greatly enjoyable concert of Sibelius and Liszt. The former is no longer an absurdly neglected composer; still, the chance to hear almost all of his Incidental Music for *Pelléas et Mélisande* comes rarely enough to have been gratefully seized. The reward was a performance of taut concentration, and a quietly decisive authority that, even to the last hushed chord of Mélisande's death music, kept the large audience in its grip.

Sibelius' Allemande is not the inexhaustibly luminous *pays lointain* of Debussy's opera, nor the gently lyrical world of Fauré's suite (how nice it would be to hear that five again!) nor yet the voluptuous saturated swirl of Schoenberg's tone poem; but a bleak and empty place, where muted colours gleam darkly, briefly, out of silence. Silence—an acute judgment of the numerous rests that puncture the pieces—was one of the admirable features of this reading with a reduced RPO. Another was the expert placing of those many superficially reserved yet strongly expressive melodic fragments, without alien affectation, and also without the gruffness that sometimes passes for idiomatic Sibelius. There were details one immediately wanted to hear again — the viola stab of Mélisande's spinning wheel, the angular, long English horn solos (ravishingly played by Barry Davis); but only because they were so finely turned, not because the conductor drew undue attention to them.

Mr. Lopez-Cobos followed this with a grandly scaled account of the Fifth Symphony, whose perorational splendour—to which the whole remarkable, unexpected construction has been leading—is now safe, one hopes, from the charges of banality by the anti-Sibelians. The RPO brass choir was not an ideally sonorous or like-minded ensemble, and there were places when the conductor's tempos seem to come upon all as a slight surprise. But the sympathy for the music was not in question.

Nor was it for the opening Liszt piece, the first *Mephisto Waltz*, floated and shaped with just the right mixture of elegance and reserve missed in Rafael Orozco's impatient and wilful dash through the Liszt E major Piano Concerto thereafter. Sad that a pianist who could make the music exciting by other means, without recourse to unseemly sprinting for effect, still feels the need to wow the audience thus—often with consequences of wild inaccuracy.

King's Head

Commedia

by MICHAEL COVENEY

The London Mime Ensemble is a semi-professional troupe under the direction of Robin Barbary which visited the Edinburgh Fringe last year and, after a fortnight of lunchtime performances at this address, is bound northwards again for this year's Festival. Its purpose is, apparently, to discover whether or not there is an audience for its brand of mime. On the evidence of this slight piece, I am afraid the answer must be most probably "No."

For here is all that is worst about the ailing Fringe. Whimsical toying with an ancient form in a production devoid of either real substance or even vestigial technical accomplishment. Scapino enlists the Zany's help in his approach to a fine lady, for some reason attired in Elizabethan costume. A gloomy servant, Zahn, hovers nosily on the periphery and, before Scapino succeeds in lifting a necklace from his haughty prey, he and his partner find themselves involved with clucking farmyard animals, a bothersome dog and a fruit tree.

After a winsome duel is fought, the actors take a bow and then recreate a "real" situation in which Zany discovers Scapino crying on the shoulder of Lidia. Scapino is upset about the performance of his company in the *commedia* (as well he might be), but he is obviously encroaching on Zany's sexual territory. Battle is joined and the males each suffer a mortal wound.

Although Lynne Harris suggests that she might, in normal circumstances, prove a useful comedienne and Mr. Barbary himself, as Scapino, has his moments of pathos once his half-mask is removed, one is left wondering what on earth those in search of energy and innovation on the Edinburgh Fringe are likely to make of an offering so weak and wan.

Mikhail Baryshnikov and Lesley Collier. They appeared last night as Colas and Lise in La Fille Mal Gardée at Covent Garden.

Cottesloe

Strawberry Fields

by B. A. YOUNG

Charlotte and Kevin meet in a café to start their drive to Scotland in a van. Little by little, as we follow the van up the M1, we learn that it is full of propaganda leaflets, and that the leaflets are concerned with a campaign to clean up England. The trip might have been made without incident if Nick, a particularly insidious hitch-hiker hadn't attached himself to the party. Nick overhears Charlotte's conversation with one of her agents and deduces that the innocent - seeming English People's Party is something crypto-fascist.

When a bit of carelessness in mid-night Doncaster attracts the police, Charlotte, in an effective *coup de théâtre*, draws a pistol and shoots the unsuspecting constable. From then on, the play shows only the increasing tension among the trio as the pursuit draws nearer, though a second *coup de théâtre* brings it to an end. It can hardly be said to bring the situation to an end, however, for two of the three are still on the run.

The weakness of this new piece by Stephen Poliakoff is the isolation of the characters. Each of them is well drawn and well played. As Charlotte, a cool, pretty girl of the upper class with the habit of command well developed, Jane Asher is perfectly cast and gives the kind of performance she is best at. Stephen Rea has more interesting material to work on, a young man obsessed by images from a thousand horror movies, who is going blind and does not care: he gives a fine exhibition of nerves on the margin of sanity. As for Nick the hitch-hiker, he has only to represent decent normality, and Kenneth Cranham gives him as much as the part is worth.

But there is not enough reaction between the three of them. Each has his or her share of good neo-Osbornesque speeches, but in spite of situations that involve them in pairs or in threes, we really only see one at a time. Too often, a character is eased off the stage for some unimportant reason in order to leave the other two together. Yet even then there is never more than physical contact.

Mr. Poliakoff is peculiarly at home in the world of the cheap snack-bar, and he gives us several scenes of this kind with amusing subsidiary parts—the talkative waitress (Maya Kemp) in the all-night caff, the teenage vagabond (Peter-Hugo Daly) in the lay-by. Mrs. Roberts (Anne Leon), the silly lady at Nottingham who was to distribute leaflets, is perhaps the most sinister of them all, for she is a National Front believer without realising what she believes in.

All the same, there is too little development in the story. Why, when they knew they had been seen and were being chased, did the trio not split up, or take an unexpected route, or attempt some sort of disguise? (Charlotte's glorious hair could be recognised a mile away.) Such a together girl as Charlotte would not have simply waited for the fuzz to catch up.

The direction on the Cottesloe's bare black stage is by Michael Apted, and the usefully fluid designs by Di Seymour.

Record Review

Concertos for everyone

by MAX LOPPERT

Brahms: Piano concerto no. 2 in B flat. Cécile Ousset/Leipzig Gewandhaus Orchestra/Masur. Decca Ace of Diamonds SDD-R (£2.50).

Beethoven: Piano concerto no. 4 in G. Maurizio Pollini/Vienna Philharmonic Orchestra/Böhm. DG 2530 791 (£3.59); cassette 3300 791 (£3.69).

Liszt: Piano concertos no. 1 in E and no. 2 in A flat. Lazar Berman/Vienna Symphony Orchestra/Giulini. DG 2530 770 (£3.59); cassette 3300 770 (£3.69).

Elgar: Violin concerto in B minor. Pinchas Zukerman/London Philharmonic Orchestra/Barenboim. CBS Masterworks 76528 (£3.49); cassette 40/76528 (£3.69).

Chaikovsky: Violin concerto in D, Sérénade mélancolique, Valse-Scherzo. Salvatore Accardo/BBC Symphony Orchestra/Davis. Philips 9500 146 (£3.50); cassette 7300 514.

Chaikovsky: Violin concerto in D (with Pittsburgh Symphony Orchestra/Steinberg), Waltz-Scherzo, Meditation (arr. Glazunov), Scherzo (arr. Glazunov) (with unnamed orch./Irving). Nathan Milstein. HMV Concert Classics SXLP 30225 (£2.35); cassette TCSXLP 30225 (£2.45).

Prokofiev: Violin concertos no. 1 in D and no. 2 in G minor. Kyung-Wha Chung/London Symphony Orchestra/Previn. Decca SXL 6773 (£3.50); cassette KSXC 6773 (£3.75).

Prokofiev: Violin concerto no. 1 in D (with Philharmonia Orchestra/Giulini) and no. 2 in G minor (with New Philharmonia Orchestra/Frühbeck de Burgos). Nathan Milstein. HMV Concert Classics SXLP 30235 (£2.35); cassette TCSXLP 30235 (£2.45).

Schumann: Cello concerto in A minor. **Bloch:** Schelomo. Mstislav Rostropovich/Orchestre national de France/Bernstein. HMV ASD 3334 (£3.50); cassette TCASD 3334 (£3.75).

The recent recognition of Cécile Ousset's remarkable qualities as a performer is supported by a strong and striking performance of the Brahms second piano concerto. It is not quite "central" Brahms, not the new desert island disc of this much-recorded work; for by the side of Serkin's, Arrau's bass-grounded splendour, or the grand restraint of a Gilels, there is something of bronze and gunmetal glinting at the heart of her commanding technique. Something that, in the bold surges of double octaves of the first movement, for example, takes cut and thrust close to the edge of unpleasantness—the recording itself, though it communicates at all levels the beauty of the Leipzig orchestral playing under Kurt Masur, may be responsible for the slight clang of the piano at full stretch.

Miss Ousset is no slouch, no dreamy Central European, in the Andante, nor conventionally playful with the *grazioso* rhythms of what Tovey called "this great and childlike finale." By cool, perfectly balanced registration of tone colours, a quality of "ear" as quick as the fingers are formidable, she makes one listen with fresh and fascinated (if not always convinced) ears. The accompaniment, while not attempting to emulate the particular attributes of the soloist, complements them with wonderfully natural warmth and simplicity.

The Beethoven collaboration between Maurizio Pollini and Karl Böhm—a luxury product, spreading a comparatively short concerto over two sides with regal disdain for base financial considerations—poses a problem of idiom much more troublesome than Miss Ousset's Brahms. In Pollini's scrupulously clean reading, with not a note of display, not an accent or inflection beyond the dictates of the basic text, some will hear a new honesty, a sweeping away of cobwebs and cant. To me, after the first flush of wonder at the sovereign evenness, breadth and poise of the execution, the approach begins to seem trivial, for all its evident seriousness.

There are many ways of playing the G major concerto; Pollini's way, withdrawn, "pure," in its fashion perfect, lacks the heroism, the humanising warmth of greatness. Curiously, the light and luminous sound of the Vienna Philharmonic completes the impression, instead of counterbalancing it.

Lazar Berman's first Liszt concerto starts unpromisingly. The notes may be delivered with superb accuracy and directness; the atmosphere is missing. Until the *con espressione* entry of the second movement, with which poetry is suddenly infused into the performance, epithets of praise tend to be qualified: clean, not *limpid*, *vigorous*, not mercurial, robust, not romantic or rapturous. There is ponderous accompaniment under Giulini (strange that a conductor so greatly renowned for his encouragement of *cantabile* line should quite often, on record, prove sluggish in his support of soloists).

The second concerto fares far better: and, in both, there are episodes of startling clarity and precision of aim, of tensile strength and unmannered eloquence. Nevertheless, for the true flavour of these difficult works—extraordinary how few are the performances that evoke to the full the ambiguities, the *contradictory attractions* of a composer self-confessedly "half-Franciscan, half-priest"—one must look elsewhere, notably to the old Richter versions. After more than 15 years, these remain unchallenged for their combination of elegance, fieriness, reserve, and demon wit.

As one not born to native familiarity with Elgar, who still finds his admiration for the composer spotted with doubts, I can well understand why, with familiar exceptions, to-day's international virtuosos have not yet been persuaded into taking up the Elgar concerto. The language is learned only with difficulty, with perseverance, perspicacity or perhaps just good luck. Played with conventional, externalised flamboyance, the violin concerto could well turn cloying and self-dramatising; played with feigned reserve and "taste," bloodless and prissy.

The success of the Zukerman-Barenboim reading is therefore beyond praise. The violinist's naturally vibrant muscularity proves no bar to an immediate understanding of Elgarian phraseology, with its heart-felt leaps, portamentos and *tenuto* throbs. Indeed, in a recording of wide range and fine balance, the accompanied cadenza, surely the supreme innovation of the work, becomes the long regretful enchantment it can fail to be in more traditional accounts.

Salvatore Accardo is now the single Italian in the current batch of leading violinists. He joins classical poise to tone plump and sweet, juicy with finely controlled vibrato. It is a little unfortunate that his performance of the Chaikovsky concerto with Colin Davis and BBC forces should come up against the re-release of Milstein's, from the early 1960s.

Milstein is often deemed a "cold" performer; in the Canzonetta, his is the coldness of a delicately frosted, snow-flaked fable, told with a narrative imagination and a technical wizardry (from the thinnest of diminuendo sighs to the pin-point placing of high notes), that reveal a lack of variety and imagination in Accardo. Philips gives the finale complete, without the usual "performing version" cuts as heard in the Milstein; the newer recording is warm, natural and full.

A similar situation arises with the two Prokofiev violin concerto collections, the recent Decca, with Kyung-Wha Chung, and the Milstein reissue — although here choice is less clear-cut. Once again, particularly in the first concerto, with its inheritance of Russian storybook fantasy painted in dazzling new colours, Milstein's glittering tone, his surface restraint and inner sparkle win from the music a special magic, a special fascination. Kyung-Wha Chung, a wholly different breed of violinist, touches both works with her peculiar qualities: intensity, the gift of stamping each note with personal colour, of making each phrase seem a personal communication. The music works both ways.

On Decca, Previn draws opulent sounds from his orchestra; of the three conductors (Giulini in charge of Milstein's D major), it is Rafael Frühbeck de Burgos in the Milstein G minor who most sharply catches the thrust of Prokofiev rhythms and timbres.

The prospect of encountering the frail beauties of Schumann's cello concerto in the joint fierce embrace of Rostropovich and Bernstein I faced with a certain trepidation. And indeed, the lingerings, the long slow caresses, the spotlights directed at some much-loved turn of phrase, all hug the music with a quantity of expressive affection that threatens at time to suffocate it.

Cécile Ousset

The Entertainment Guide is on Page 26

Sadler's Wells

Night Watch

by CLEMENT CRISP

London Contemporary Dance Theatre opened its spring season at the Wells on Tuesday with an impressive account of Robert Cohan's *No-man's Land*. Peter Farmer's admirable design—a light-bridge that serves as the gates of Hades—and Cohan's treatment of the Orpheus legend place the piece very firmly in Cocteau territory, but none the worse for that. It has a fine unity of purpose and a strong, uncompromising imagery: the black-clothed figures of Lethe, Cerberus and Charon trick and dog the steps of the palely-clad Orpheus and Eurydice; forces of darkness pitted against the light that identifies the tragic lovers. Cohan's choreography is sharply characterised, and gesture fiercely effective, as when Lethe kicks at Cerberus, or Eurydice is held and turned in archaic poses.

In its emotional concentration, and economy of movement, it represents one of Cohan's most potent dance works. On Tuesday it was potently performed: Micha Bergese makes a beautiful and agonised Orpheus; Linda Gibbs' almost frozen Eurydice is pathetic in her impotence, and Paula Lansley's chill menace as Lethe is echoed by Patrick Harding-Irmer as Charon and Anthony van Laast as Cerberus. The presence of Barry Guy on stage to play his transcendental *Statements II* for double bass (which explores the full range of the instrument) adds to the immediacy of a notable and haunting ballet.

Robert Cohan's earlier *Eclipse*, which dates from 1967, was also revived in the programme. It is cast in the form of the classic pas de deux, with an *entrée* for two lovers — Siobhan Davies and Robert North — followed by solos for each and a closing coda, and its theme is the shifting relationship between the couple. The choreographic texture, deliberately muted, does not seem to me to sustain the emotional weight of the characters' dilemma, and not even the force of the dancers' style can convince me that their problem is of any great moment.

To close the evening, a novelty especially created for this Jubilee year: a collaboration between LCDT's four choreographers: Cohan, Robert North, Micha Bergese and Siobhan Davies. Its title — *Night Watch* — evokes the passing of the hours of darkness, and its three sections deal in plotless fashion with incidents of the night. Without any guidance offered by the programme, I would hazard that the opening and linking passages are by Cohan, and that the first section, *Evening Star*, is by Siobhan Davies. Cool, fluent, it insists on contrasts of movement between three pairs of dancers.

The second section, *Midnight Sun*, I attribute to Micha Bergese, who has devised easy, flowing dances with Cathy Lewis as a focal figure; the last section, entitled *Palais at 4 a.m.*, takes as its starting point young people dancing the night away, and must, by a process of elimination, be the work of Robert North. It is lyrical, unforced, and like the whole piece, it moves smoothly along. *Night Watch's* failing lies in the very fact of four separate talents seeking to accommodate themselves by not rocking the choreographic boat with too powerful an individuality. It is agreeable; Bob Downes' music is equally agreeable; ultimately the piece seems rather anaemic.

Imperial Tobacco sponsor Glyndebourne

A new production of Mozart's *Die Zauberflöte*, made possible by Imperial Tobacco Limited, is to be given in the 1978 Glyndebourne Festival. This follows Imperial's sponsorship of this year's *Don Giovanni*. *Die Zauberflöte*, which has not been given at Glyndebourne since 1973, will be conducted by Andrew Davis, produced by Glyndebourne's director of production John Cox, and designed by David Hockney.

The Glyndebourne Festival is unique in Europe in operating without State subsidy.

EUROPEAN NEWS

ECONOMIC COMMISSION FOR EUROPE REPORT

Unemployment expected to worsen

BY DAVID EGLI

GENEVA, April 6

WITH A modest growth of about 3 per cent. in gross domestic product forecast for Western Europe this year, unemployment may top the previous highest post-war levels, according to the latest survey of the Economic Commission for Europe (ECE). It expects the already unsatisfactory rate of growth to remain unchanged or even slow down this year with an inevitable impact on jobs.

The survey says Western European recovery lost its momentum in the second half of 1976, and there is little sign of a sustained upswing "in the immediate future." It believes the failure of economic policies to redress the situation has created uncertainty about short-term prospects and the ability of Governments to get recovery going again without renewed inflation.

The ECE suggests, however, that it may be possible to attain lower rates of unemployment compatible with low rates of inflation by greater use of selective economic policies, including various types of labour market policy and fiscal devices.

Policy makers, however, seem to have shifted their priorities in favour of price stability, and in present conditions a sustained upswing of the kind that has occurred regularly since the war is thought unlikely in the 1970s.

Despite efforts to bring inflation under control, the ECE evaluates the potential average increase in West European consumer prices this year at about 9 per cent. compared with 10.5 per cent. last year. But prospects of narrowing the gap between the high inflation group of countries and those with low inflation are better than for some time.

The report also suggests that the pre-occupation with reducing short-term inflation may well be at the expense of moderating it in the long run. The more output is held back the more difficult it will be to invest in the removal of potential bottlenecks. Big increases in productivity are also necessary to give scope for raising real net wages and thus relieve the pressure on nominal wage costs.

A further implication of the forecasted low rate of growth is that the volume of world trade this year may grow at not more than half the 1976 rate.

The ECE says the current account balance of Western Europe as a whole and the United States deteriorated last year after an improvement in 1975, while the major oil exporters were estimated to have increased their surplus on current account from $35bn. in 1975 to $40bn. in 1976. This surplus could be lower this year, it believes, if the OPEC countries were to step up their imports after the recent slowdown, as is expected.

The survey adds that international credit markets have performed surprisingly well in helping Western European *countries to develop a stable* debt pattern, but it sees signs that agents in the Eurocurrency market may now pause to reflect on how far their commitments should be stretched.

Portuguese application welcomed

BRUSSELS, April 6.

THE PORTUGUESE application to join the European Community was formally welcomed by EEC Foreign Ministers in Luxembourg last night. In accordance with usual procedures, the Brussels Commission was instructed to draw up a detailed opinion on the application, setting out the consequences of membership for both the EEC and Portugal. This is not expected to be completed before January or February of next year.

At the same time, Foreign Ministers reacted cautiously to a request from Mr. Cyrus Vance, the U.S. Secretary of State, that the EEC consider contributing to a $1.5bn. international loan for Portugal.

Our Lisbon correspondent adds: Communist Party leader Alvaro Cunhal *violently* attacked the Socialist government's policies of capitalist recuperation, which, he says, *are threatening democracy, and* spoke out against the application to join the EEC. The Communist Party proposes the *immediate suspension of operations* against the agrarian reform, and of the restoration of companies to their former *owners.*

Meanwhile, the Lisbon dockers' strike ended to-day when the government cancelled *their right to a special fund* guaranteeing salaries.

Reuter adds: President Eanes to-day swore in as deputy chief *of staff an obscure artillery* officer, Acting General Jose Loureiro dos Santos.

EEC Commission spending rise

BY DAVID BUCHAN

BRUSSELS, April 6.

THE EEC Commission has presented its first supplementary budget of the year of 531m. units of account (£221m.) to the Council of Ministers. The increase, which amounts to 6 per cent. of the 8.8bn. units of account (u.a.) (£3.66bn.) originally set as the 1977 budget, almost all goes to meet extra costs in running the agricultural monetary system, and follows warnings yesterday by W. German Ministers in Luxembourg that *EEC spending must be kept* under tighter control.

Pointing out that this supplementary request is based on its own proposals for modest increases in farm prices this year coupled with devaluations of certain "green currencies," the Commission warns that further budget increases will be needed if Agriculture Ministers settle on higher prices.

The Commission also to-day announced first payments for last year under the Stabex system, which aims to compensate the African, Caribbean and Pacific (ACP) members of the Lome convention for falls in earnings on certain primary product exports to the EEC. The payments which are to nine African and Pacific countries and on eight individual products, amount to 24m. u.a., of which 77 per cent. is grant aid and the rest loans. Next week, there is to be a joint ACP-EEC Ministerial council in *Fiji to discuss, among other* things, widening the Stabex scheme to cover more products.

AP-DJ adds: The rise in con*sumer prices in most EEC coun*tries slowed a little in February from January and from a year ago, European Commission statistics published to-day showed.

In the absence of Italian statistics for February and January in the survey, Ireland and Britain produced the highest price increases both in a month and in a year.

In Britain, the February con*sumer price index was up 1 per* cent. in a month and 16.3 per cent. in a year, but figures were below those for January when respective increases of 2.7 per cent. and 16.5 per cent. were *registered.*

In Ireland, prices rose 3.8 per cent. in the three-month period ending February which was down from 4.8 per cent. in *the* preceding period. Over a year, the Irish consumer price rise was 16.7 per cent., also down from *19 per cent. a month ago. Last* figures for Italy showed that prices rose 22 per cent. in December from the year-earlier month.

Steel measures finalised

By Our Own Correspondent

BRUSSELS, April 6

FURTHER PRECISION was *to-day given to the EEC plan to* help the European steel industry, when the Commission put the finishing touches to its *proposed measures to stabilise* the steel market in the short term and, in the longer term, to restructure and modernise the *industry. But the measures will* only come into force in early May after the European Coal and Steel Consultative Committee has had its say.

Most sensitive of these measures is the proposed minimum price for reinforcing bars, *a product particularly in glut in* the Community. The Commission is understood to be considering setting it at £135 com*pared with the present range of* £100 to £130 at which reinforcing bars are selling. Mr. Fernand Braun, a senior EEC *official, said to-day that the West* Germans still objected to the principle of a minimum price, but admitted that they had no *alternative to propose.*

For the proposed minimum reference prices, which are voluntary, on other steel pro*ducts. Mr. Braun said the Com*mission would set these "realistically".

Member states will soon re*ceive letters from Brussels set*ting out the Commission's criteria for national aid given to steel. The Commission wants to *see aid given only to projects* which lead to no increase in production capacity where there is already a surplus. Cash flow aid *to companies, the Commission* argues, must be strictly limited in time and be accompanied by requirements to make necessary *structural changes.*

Reuter adds: The Commission to-day decided to accept guarantees by South African producers *of rolled steel bars and to drop* anti-dumping procedures against them.

Ireland to enforce new limits on fishing

By Robin Reeves

BRUSSELS, April 6.

THE IRISH Government's long-delayed plan to ban all fishing vessels over 110 feet or more than 1,100 bhp from waters up to 50-100 miles off the Irish coast will go into effect next Sunday.

Reluctant blessing for the Irish action — which is to protect fish stocks and allow both an expansion in Irish catches and a cutback in those of other fleets, both EEC and non-EEC, emerged from yesterday's Common Market Foreign Ministers' Council meeting in Luxembourg.

It was unhappily accepted as the only solution available in the light of Britain's firm refusal last week to endorse a substitute Brussels Commission plan.

But, in order to make the move as Community-minded as possible, the Irish Government did agree to a possibility of the 110-feet ban being waived, if EEC countries which traditionally fish off Ireland, namely Belgium, France, the Netherlands and the U.K., submit "fishing plans" to Dublin and the Brussels Commission.

These plans would amount to a fishing licensing system in all but name. They would have to set out the number of boats intending to fish in the waters concerned, where and when, and the expected catch of different species.

Moreover, the plans would have to be drawn up in accordance with the cutback in catches of the order of 17-20 per cent. envisaged in the Commission's scheme.

This arrangement is intended to last only for three months, pending negotiation of a permanent EEC internal fisheries regime, which takes account of the New Year move to 200 miles limits.

In the forthcoming negotiations, Ireland, as well as Britain, is looking for an exclusive national fishing belt of up to 50 miles offshore. Indeed, it was because the UK government felt its case for an exclusive coastal band was being prejudiced, that Mr. John Silkin, the Agriculture and *Fisheries Minister, refused last* week to go along with the Commission's more Community-minded plan for heading off *Ireland's unilateral action.*

But it is being suggested here that the signing of an EEC-Norway reciprocal *fisheries framework agreement,* now all but complete, will, in any case, prejudice Britain's case for a 50 mile ban.

Snags occur in F-16 development

By David Bell

WASHINGTON, April 6.

THE F-16 jet fighter which has been bought by four European countries as well as the U.S. Air Force is encountering problems during its development, one of which is the difficulty of reconciling the needs of the five main buyers.

The General Accounting Office, the congressional watchdog agency, published a report yesterday which said that the aircraft is so far not encountering more snags than is normal for this stage of development but that the development schedule is a very tight one and there is little room to deal with serious problems should they emerge.

Belgium, Denmark, Holland and Norway are each buying the aircraft and the four countries are expected to purchase a total of about 348 F-16s. The U.S. Air Force has currently ordered 998 and is expected eventually to buy a total of 1,388. The four European nations are involved in co-production with the U.S. manufacturers.

The GAO, which drew attention to current problems with engine stalling rates, aerial restart capability and excessive taxing speed, also noted that the U.S. Air Force is concerned about the aircraft's "survivability" particularly in the air-to-surface role for *which it is partly designed.*

Another report, dealing with the European participation in the aircraft's construction, is due to be released next week.

French unionists prepare for joint challenge to Government

BY DAVID CURRY

PARIS, April 6.

FRANCE'S TROUBLED industrial relations scene became even more disturbed to-day with the failure of talks to settle the month-old dockers' strike which has paralysed the port of Dunkirk, France's third largest.

It now seems likely that the Communist-led CGT will call a new round of one-day strikes among its 15,000 docker members. There have already been two 24-hour national strikes.

Meanwhile, as workers in Thionville, in Lorraine, mounted the first protests against Usinor's intention to shut it steel plant at the cost of more than 2,000 jobs, leaders of the main unions involved prepared to meet in Paris to-morrow to hammer out a joint strategy to challenge the Government's wages policy and the officially-sponsored steel restructuring proposals. These will cost some 15,500 jobs in Lorraine between now and 1980, of which the Usinor shut-down is the first phase. The head of the steel federation, M. Jacques Ferry, yesterday declared the Usinor closure to be completely irreversible.

The Left-wing CFDT union organisation has already announced a programme of protests in the steel industry. For the next 10 days there will be scattered two-hour long stoppages while members are "informed" about the state of discussions on the steel plan. These will be followed in the second half of this month, and in May, by four-hour walk-outs.

The two main unions organisations, the CGT and the CFDT yesterday engineered a quarrel with the Prime Minister, M. Raymond Barre. They sent a delegation to see M. Barre in the afternoon, having given him warning of their intention only in the morning. The delegation found the door shut and was told that it would be received if it requested an interview, giving the normal notice.

The members thereupon pronounced that they had no alternative but to prepare joint action against the Government. The leaders of the CGT and CFDT, M. Seguy and M. Maire, will meet to-morrow to work out the lines of their action.

A strike of staff working in the computer centre of the state-owned Banque Nationale de Paris, which dates from March 10, looks like moving into a more bitter phase. Because the bank was refused a court order for the expulsion of four militants occupying the centre, the four unions covering the banking sector have called the 100,000 bank staff in the Paris region to a solidarity meeting to-morrow afternoon.

There were power cuts this morning as workers in the state power utility staged walk-outs in protest over the Government's wages policy. Some railway services were also disrupted by walk-outs.

In the South of France workers at the state-owned aircraft company Aerospatiale staged walk-outs to complain about loss of earnings caused by short-time working, the consequence of the failure to sell the Airbus.

The unions are not merely indignant at the unemployment situation and the Government's wages policy. The state's intention to cut the amount it reimburses on certain medicines has already drawn protests and this issue will certainly be added to the unions' catalogue of grievances.

Capital gains tax delay sought

BY ROBERT MAUTHNER

PARIS, April 6.

THE FRENCH Government to-day announced that it would ask the National Assembly to postpone the introduction of a controversial capital gains tax on *stocks and shares for one year*—from January 1, 1978, to January 1, 1979.

The Paris Bourse, which has *always been strongly opposed to* the measure, immediately reacted favourably to the news. The stock exchange index, based on 35 leading shares, closed 4.45 points higher than yesterday, after being nearly one point down at the opening to-day.

The postponement will apply only to shares, but the other provisions relating to property and other assets will come into effect *at the beginning of* next year as planned.

A communique, issued after to-day's weekly Cabinet meeting, made clear that the Government had had taken its surprise decision with a view to stimulating economic activity. *A fall of* stock exchange prices during the current year could seriously affect the level of investments *and the creation of new jobs*, it said. In present conditions, the introduction of a capital gains tax on stocks and shares was, *therefore, not opportune.*

What the communique failed to say was that the Government has obviously been heavily in*fluenced by its defeat* in the recent municipal elections, the results of which showed that it had lost a substantial proportion of its traditional middle-class support. The high level of unemployment, currently about the 1m. mark, also contributed to the *poor performance of President* Giscard's coalition, which clearly wants to avoid steps which could lead to a further deterioration on the labour front.

Another reason for the Government's decision could well be *its desire to patch up its quarrel* with the Gaullists, who bitterly opposed the measure in its original form. M. Jacques Chirac, who was *Prime Minister* at the time, made no secret of his hostility to the tax. The move on the capital gains tax was *the beginning of the end of M.* Chirac's close relationship with President Giscard, which finally broke up when the former re*signed in August last year*, and has since developed into almost open warfare.

As it was, the capital gains tax bill, which was *President Giscard's* own brainchild, was finally passed in a much diluted form by the Assembly in July last year. *The net extra revenue* to the Treasury was estimated at the time at only Frs.500m. (about £58m.) a year, against more than Frs.1bn. hoped for when the bill was introduced.

Italian decision clears way for IMF loan

BY DOMINICK J. COYLE

ROME, April 6.

THE ITALIAN Chamber of Deputies to-day approved the Andreotti Government's amended economic package, including compromise provisions to hold down wage costs, and thus opened the way for Italy to conclude formally its negotiations for a $530m. loan from the International Monetary Fund (IMF).

The measures, which have already been passed by the Senate, will be included in Italy's formal Letter of Intent to the IMF, although the details are already known to the Fund having been worked out finally last month in Rome by a visiting IMF mission headed by Mr. Alan Whittome.

The Government, in the face of stiff trade union opposition, was forced to modify the then agreed package, and the IMF has not yet indicated publicly that the modifications are acceptable. The amendment involved a Government proposal to isolate the price effects of higher indirect taxes from the basis on which quarterly threshold payments are calculated for most Italian workers.

The unions rejected this, claiming that it would undermine Italy's wage indexation system. Instead, they agreed to a change in the weightings of three items in the cost of living "basket"—urban transport, electricity tariffs and newspapers. The unions say that in terms of money "savings" through consequently lower threshold payments, their proposals are an improvement on the Government's original scheme.

The Government expects formal approval of the IMF loan which is expected to be released in three tranches over about 18 months, to be followed quickly by a further $500m. loan from the EEC. This, however, would not be a new loan, merely replacing part of an earlier Community loan package withdrawn by Britain last December as part of the U.K.'s repayment on its own short-term commitments.

Extreme Left group claims kidnapping

BY OUR OWN CORRESPONDENT

ROME, April 6.

NAP, an extreme left-wing Italian terrorist group, to-day claimed responsibility for the kidnapping late last night of Sig. Guido de Martino, secretary of the Naples branch of the Socialist Party and son of the party's veteran former secretary-general, Sig. Francesco de Martino, who was Deputy Prime Minister in two administrations.

While kidnapping has become virtually commonplace in Italy, the taking of Sig. de Martino is seen here as a direct assault by the Armed Proletarian Nuclei (NAP) on the whole political process. A message purporting to come from NAP indicated that instructions would be given later, so the motivation for the kidnapping is still unclear.

There is concern here that political demands may follow. It is possible that Sig. de Martino is being held in order to secure the release of terrorist prisoners. Police in Naples discount the possibility that he was kidnapped through a mistake in identity.

There are now bound to be renewed political demands for tougher action against terrorism, and a further questioning of the failure of the police to solve many kidnapping cases. The police have had some recent successes, but they claim that families and relatives of kidnap victims assist the whole criminal process by giving in to ransom demands. The authorities usually block the bank accounts of near relatives of kidnap victims. Yet the Public Order, the police journal, has reported that at least L50bn. (£33m.) in ransom money had been paid in Italy over the last six years.

Striking Greek pilots ordered back

BY OUR OWN CORRESPONDENT

ATHENS, April 6.

A CIVIL court to-day ordered about 24 0striking pilots of the State-owned Olympic Airways to return to work pending the hearing of their case on April 28. The court issued its decision following an appeal filed by 28 of the strikers' colleagues who were among about 100 of the airline's pilots who refused to join the strike.

The pilots went on strike on March 22 over increased fringe benefits, airport safety standards and in protest against the dismissal of their flight operations director.

The airline is reported to have lost about $2m. because of flight cancellations after the strike. The court's ruling comes at the peak of the Easter holidays when Olympic Airways usually provides additional flights to meet increased demand for tickets.

Those who appealed said there were procedural irregularities at the general assembly of the Greek Pilots' Union on March 18 during which the decision to strike was taken. This legal loophole allowed the court to issue its ruling.

Economic reform pressure grows in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

PRESSURE IS growing for more liberal solutions to Poland's economic problems. Recent newspaper articles and a Government resolution last month all point to a revival of some of the principles of economic reform introduced on a limited scale in 1973, but greatly toned down during the difficult period that followed.

Details of new Government policies were laid out last week by Mr. J. Pajestka, vice-chairman of the Planning Commission, in an interview with the economic weekly Zycie Gospodarcze.

The original reform gave companies more freedom to decide wages and investments though these powers were later curbed. Under the modified system which is to come into force in May, Ministries will fix a certain percentage of profit which companies can allocate as extra wages as they think best.

Although this is only a limited return to the earlier situation, it is significant in that it does not involve the Planning Commission, which normally sets such percentages and strives to keep wages down.

The Ministries which come under the modified scheme are Machine, Chemical, Heavy and Agricultural Machinery and Light Industry. Others, such as Internal Trade which were in the earlier scheme and dropped out, can apply to join later.

The limit on average wages in an industry is to be abolished. Instead the Ministry will be able to impose a progressive tax on the amount companies set aside for wages. The Ministry will then be able to spend this money on wage increases where it thinks fit and thus, it is hoped, to steer production in desired directions.

Capital investments were in effect frozen from the middle of 1975 in companies working under the reform. Under the modified system, major investment decisions will still be taken by the Planning Commission or higher, but modernisation work can be decided by the companies themselves, provided that it costs no more than Zl.25m., that it pays for itself in two years and takes no longer than eight months to finish.

As for foreign trade, an export firm will be able to retain and spend a percentage of export earnings from hard currency countries. The exporter will also be able to retain a percentage (possibly about 10 per cent.) of the growth of export earnings to hard currency countries.

Nothing has yet been said of the tricky question how windfall profits will be treated.

The return to the economic reform is partly explained by energetic lobbying by those sectors of the economy which were working under the reformed system before 1975 and had seen it work.

An indication of the more extreme pressures for reform came in the specialised "Literary Monthly" where an article by leading economics professor argued that Poland's present system of industrial indicators both socially and economically ineffective.

Prof. Bronislaw Minc, of the Central School of Planning and Statistics, argues that plan targets should be replaced by a system of tasks, and that companies should be judged by how well they carry them out. The tasks, which would be centrally assigned, should be sufficiently general for the whole of a company's activity to be included and the companies themselves should be left to decide how to carry them out.

Although Prof. Minc says his ideas are being circulated in the Soviet Union as well, his views are plainly highly controversial or else they would have appeared in a less obscure publication.

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هكذا من الاصل

Carter accused by labour of failure to keep promises

BY STEWART FLEMING

NEW YORK, April 6.

IN WHAT is seen as an extraordinary attack on a new Democratic President, the leadership of the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) has accused President Jimmy Carter of failing to keep his promises to the working people.

The outburst by leaders of organised labour's official umbrella body—the nearest thing in the U.S. by way of equivalent to the British TUC—follows growing disenchantment with the trend of the new Administration's policies. It follows the failure of the new Administration to support organised labour's call for a $3 an hour minimum wage, the President's refusal to adopt a more protectionist policy towards imports of shoes, and a feeling that the President's commitment to reducing unemployment is not as strong as labour leaders judged it to be during the presidential election campaign.

Labour leaders privately complain about the unexpected fiscal conservatism of the new administration, and particularly of some of President Carter's closest advisers, including Mr. Bert Lance, head of the Office of Management and the Budget.

In an effort to dramatise their concern about the trend of administration policies, shoe workers and two leading clothing worker unions said they would hold a national strike on April 13. Textile union leaders say that they are taking the decision because they fear that the administration may adopt policies to allow a level of clothing imports which would also threaten employment in their industry.

Labour leaders maintain that they were a powerful influence in securing votes to ensure Mr. Carter's election as president. But Mr. Lane Kirkland, secretary-treasurer of the AFL-CIO, and second in the organisation to Mr. George Meany, said yesterday that recent signs led them to wonder whether the campaign support was not another triumph of hope over experience.

World Bank loans, rights link opposed

By Our Own Correspondent

WASHINGTON, April 6.

THE CARTER Administration is fighting hard to-day to defeat a proposal by several members of the House of Representatives which would order the U.S. delegate to the World Bank to vote against loan applications from countries that do not give their citizens "internationally recognised human rights."

Representative Tom Harkin, an Iowa Democrat, is proposing an amendment which would tie U.S. approval for World Bank loans to the human rights situation in the countries applying for loans. This has long been a subject of bitter debate inside the Bank, which has always argued that its lending should not be influenced by political considerations.

The administration clearly shares this view, for all President Carter's emphasis on human rights, and has been lobbying hard to defeat the Harkin amendment. The three Democratic leaders of the House at Mr. Carter's urging, have written to their colleagues asking them to vote against it.

This approach is paralleled elsewhere on Capitol Hill, where the Administration has been resisting Congressional attempts to tie military and other aid to human rights criteria. Following an angry South American reaction to earlier statements about human rights, Mr. Terence Todman, the Assistant Secretary for Inter-American Affairs, told Congress yesterday that there was a need for "leeway" in dealing with military regimes in the continent.

U.S. anti-boycott bills emerge from committee

BY OUR OWN CORRESPONDENT WASHINGTON, April 6.

BOTH HOUSES of Congress are expected to consider after Easter the two anti-boycott Bills that have now emerged from committee after long, and sometimes heated, discussion and numerous amendments.

Last night the Senate Banking Committee finally passed its version, which is somewhat tougher than the broadly similar Bill passed by the House of Representatives International Relations Committee last week. Neither Bill has yet been printed in its final form so there is still some confusion about the actual wording, which is likely to be extremely important.

Much will also hang on the set of rules that the Administration will issue if, and when, a compromise version of the House and Senate Bills is finally signed by the President. Supporters of much stronger legislation than that which is now proposed believe that the two Bills contain so many loopholes that it may be very difficult ever to convict any company of breaking the law.

The final amendment to the Senate Bill last night leaves it up to the President to decide when foreign subsidiaries of American companies should be able to comply with local laws in the countries in which they operate and which uphold the boycott of Israel. This amendment somewhat restricts the freedom of manoeuvre of subsidiaries and is more restrictive than the House Bill.

Some members of the committee argued yesterday that this amendment would still severely weaken the Bill. The Carter Administration has been pressing hard for the modification in the Bill and Sen. William Proxmire, an advocate of tough anti-boycott legislation, said that it was therefore likely that the President would be willing to waive provisions of the law frequently.

Sen. Harrison Schmitt, who introduced the amendment, said that its purpose was to enable American companies to import goods into a foreign country that they need for their operations there. In general, he said, the law still prohibited subsidiaries from complying with the boycott.

Trudeau faces by-elections test

OTTAWA, April 6.

Prime Minister Pierre Trudeau to-day called six by-elections for May 24, which he sees as a test of public opinion over the question of autonomy for the French-speaking province of Quebec.

Five of the by-elections take place in the province itself, where a referendum is due to be held within two years on whether the province should be allowed independence from Canada. Earlier this year Mr. Trudeau said he regarded the by-elections as a test of public support for his ruling Liberal Party, which wants to keep Quebec as part of the Canadian Federation.

M. Rene Levesque's Separatist Parti Quebecois, which won the provincial election in Quebec last November, has said it will not take part in the by-elections. However, victory for Canada's opposition Progressive Conservative Party would be seen as a setback to Mr. Trudeau in his fight to maintain national unity.

Mr. Trudeau said yesterday that the unilingual french policies of the Quebec Government were a step back to the dark ages, and should cause even separatists to "recoil in horror." He promised to fight any attempt by the Parti Quebecois to strip the provinces English-speaking minority of language rights.

Agencies.

Total new car sales up by 14% in March

By Jay Palmer

NEW YORK, April 6.

BOOSTED BY a series of sales contests and special promotions, total new car sales in the U.S. jumped by 14 per cent. during March to a level equivalent to an all-time record annual sales rate of 12.1m. units after adjusting for seasonal variations.

The monthly gain, which marks the midway point in the U.S. car companies' model year, was largely attributable to especially brisk demand for new imported cars where sales jumped 44 per cent. to 188,000 units, an all-time monthly import sales record that exceeds the *previous peak of March 1973.*

During the month, sales of new cars by the U.S. domestic makers rose by 9.8 per cent., an unusually low average gain that reflects the sharp sales declines experienced by Chrysler and American Motors, which went a long way to offset the improvements at both General Motors and Ford.

The dichotomy contained in these latest sales figures—booming sales of small car imports at the same time that sales of small U.S. cars are very weak — is confusing some in the industry. The perhaps superficial industry view is that the real gains now and in the immediate future are in the largest cars, but that imports are managing to increase penetration thanks to their reputation for reliability and their relatively low prices.

In March, General Motors increased its total sales by 11.4 per cent., enough to give it a 56 per cent. share of the U.S. domestic market during the first quarter. Ford boosted its sales by 24 per cent. thanks to some especially effective sales contests, while Chrysler and American Motors were forced to report sales declines of respectively 9 and 38 per cent.

Virtually all of the leading car importers also managed to move sharply ahead with one of the biggest gains being seen at Toyota, the single largest car importer into the U.S., which saw a 58 per cent. gain. Datsun, Honda and Volkswagen also reported gains, as did British Leyland. There were however some exceptions like Volvo and BMW which saw sales fall off.

Young backs South Africa economic sanctions

By Our Foreign Staff

IN HIS most outspoken interview so far on southern Africa, Mr. Andrew Young, the U.S. Ambassador to the United Nations, has said that he believes that economic sanctions against South Africa might be "the best thing that could happen."

Speaking on BBC Television, Mr. Young said that he would not necessarily use the U.S. veto on African demands for sanctions against South Africa at the United Nations, where the Security Council has been debating the issue for the past two weeks.

Admitting that he might have a "big hassle" about using the veto, Ambassador Young said that the West had to realise that "we are not going to do business with black Africa on one set of principles and then deny that set of principles totally in doing business with white Africa. All of us are going to have to make a choice."

Mr. Young added: "There is a sense in which blacks and whites of goodwill finance apartheid and at some point we've got to come to the conclusion that we no longer are going to finance apartheid. Now when we come to that conclusion, its amazing how quickly South Africa will come to its senses.

"I would rather the U.S. and Britain bring them to their senses," he said, "than the Russians and Cubans bring them to their sense militarily. By then it might be too late."

In a wide-ranging interview, Mr. Young said that he was a believer in economic sanctions, if only because that weapon had succeeded in the southern United States. "I'm here because of sanctions," he said.

Mr. Young declared that he *was convinced that there could be a bloodless transfer of power* in South Africa. "When I told people in 1974 that we had from two-five years in Angola, they said I was crazy. When I say that with'n five years in South Africa we could be moving to *majority rule, I'm not being a visionary.*"

Mr. Young said that he was "very optimistic" about the visit by Dr. Owen, the Foreign Secretary, to Africa next week.

Bobby: Sirhan 'acted alone'

LOS ANGELES, April 6.

THE 32-month probe into the assassination of U.S. Senator Robert Kennedy has concluded that Sirhan Sirhan, the convicted killer, acted alone.

The investigation by Los Angeles County, prompted by years of rumours that a second assassin may have taken part in the 1968 murder, said in a report there was no evidence of a second gun or any conspiratorial activity.

Justified

Senator Kennedy was shot on June 5, 1968, in the Ambassador Hotel, after winning the California Democratic presidential primary election.

Special counsel Thomas F. Kranz, who conducted the investigation, said: "I believe that the findings of both the trial and appellate court that Sirhan Sirhan is guilty are completely justified."

Sirhan is serving a life sentence in Soledad, California, prison after being convicted by a jury in 1969. He was originally sentenced to death but when the state Supreme Court ruled the death penalty illegal, the sentence was commuted to life imprisonment.

Reuter

David Bell, in Washington, describes . . .

The reviving doubts

IT HAS BEEN a good week for the small army of experts who are still convinced that the killer of President John Kennedy did not act alone in Dallas more than 16 years ago.

Ever since Lee Harvey Oswald was accused of the President's murder, and particularly *after Oswald was himself* shot in a Dallas police station, polls have shown that a majority of the American people do not accept the official version of Kennedy's death. There remains a widespread belief that Oswald was part of a wider conspiracy. If *anything*, that belief has grown stronger with the years.

The conspiracy theory has not really been undermined in the minds of those that hold it. By all the books and articles which have been written, none of which has conclusively established that the official Warren commission verdict is wrong. In the past week not only has the investigation into the death of President Kennedy received yet another lease of life, but the apparent suicide of an elderly college professor and a curious letter written by Lee Harvey Oswald two *weeks before Kennedy's* death have combined to bring the story back once again to the front pages from which it has never been absent for long.

Last year the House of Representatives decided to set up a committee to investigate the *assassinations of President* Kennedy and Dr. Martin Luther King, the black leader. After months of wrangling the committee finally voted last week to go ahead with its investigation and is now getting down to the business of re-examining the evidence that has been minutely scrutinised so often before.

On the very day when the vote was taken there was another of those curious developments that have characterised the investigation into the shooting of Kennedy. A Mr. George dé Mohrenschildt, a friend of the Oswalds was found dead in his daughter's home in Florida. Police said that it was 99 per cent. certain that he had killed himself, and that he had a history of mental illness. It emerged that Mr. dé Mohrenschildt, a 65-year-old college teacher who was born in Russia and became a U.S. citizen in 1949, had repeatedly talked during the past few years to Mr. Willem Oltmans, a Dutch journalist. Mr. Oltmans told the committee that these conversations had convinced him that there was a conspiracy to kill Kennedy. Investigators from the committee were seeking to interview Mr. dé Mohrenschildt when he was found dead, apparently having shot himself through the mouth.

Last Friday Mr. Oltmans testified before the committee that he was writing a book about *the assassination,* and that he had befriended Mr. dé Mohrenschildt over a long period. Eventually, he said Mr. dé Mohrenschildt had implicated himself in a conspiracy along with Oswald, some anti-Castro Cubans, a Mr. Lester Logue and Mr. H. L. Hunt, a Texas oil millionaire who died in November, 1974.

The next day Mr. dé Mohrenschildt's lawyer said that while his client had convinced him that there was indeed a conspiracy, he had said absolutely nothing to indicate that he himself was involved in it. Mrs. Alexandra Taylor, Mr. dé Mohrenschildt's daughter, said that her father had been "mentally and physically afraid" of Mr. Oltmans, even though he had travelled voluntarily to Europe to see him.

Genuine

Meanwhile, Mr. Penn Jones, a retired newspaper editor who has devoted much energy to studying the assassination confirmed during the week-end that *the photo-copy of a letter purporting to have been written by* Oswald to a Mr. Hunt two weeks before the assassination, appeared to have been made from a genuine letter. Mr. Jones, who received the copy from an address in Mexico, has had it analysed by the FBI and three independent experts who agreed that it is in Oswald's hand.

The letter reads: "Dear Mr. Hunt, I would like information concerning my position. I am asking only for information. I am suggesting that we discuss the matter more fully before any steps are taken by me or anyone else. Thank you. Lee Harvey Oswald."

Mr. Jones said he had written to the address where the anonymous sender had apparently posted this letter, but he never received a reply. An earlier photocopy of the same letter was apparently sent to the FBI but until now the agency appears not to have examined it very closely.

The Hunt family angrily reject the suggestion that the Hunt referred to is H. L. Hunt, the late oil millionaire.

The Warren Commission concluded that there was no link between H. L. Hunt and Oswald, and it also extensively investigated Mr. dé Mohrenschildt, who was a close friend of Oswald's, until he left for Haiti in April 1963. Mr. dé Mohrenschildt was still living there on the day when the President was shot. It was, on the surface, a very curious friendship. Mr. dé Mohrenschildt was a college professor who boasted of once having worked "in intelligence"; Oswald was a high school drop out. Dé Mohrenschildt's lawyer said on Saturday that Oswald looked on his client as a "father figure," who had taken pity on Oswald and his lonely Russian wife.

There have been intermittent suggestions that dé Mohrens*childt may have worked for the* CIA at some time, and there have been similar suspicions, none ever substantiated, that Oswald may have done the same. No one, however, has suggested that the CIA was involved in killing Kennedy. Mr. dé Mohrenschildt's lawyer did say last week-end that his client had convinced him that there was a conspiracy of some kind. Mr. Oltmans, the Dutch journalist, also claims that Mr. dé Mohrenschildt told him in Holland that he was "responsible" for the assassination. Mr. Oltmans quoted him as saying: *"How do you think the media* would react if I came out and said I felt responsible for Oswald's behaviour?"

All this has been more than enough to revive interest in the assassination once more. Last year, when a member of the Mafia was brutally murdered after testifying in Congress about a possible Cuban connection with the assassination, Senator Richard Schweiker expressed himself bemused by the mass of evidence, but said that "the only thing I am certain of is that we do not know the truth of it."

That remains the view of many people in the U.S. who are not given to believing conspiracy theories or to taking seriously the myriad explanations for the death of the President that have been peddled in the past 16 *years. The events of the past* week underline the fact that not all the lingering doubts have been quite laid to rest. Until they are it is a safe bet that the assassination will remain a subject of intense interest in the U.S.

OVERSEAS NEWS

Eritrean guerillas claim capture of important town

BY OUR FOREIGN STAFF — TOKYO, April 6.

SECESSIONIST guerillas in Eritrea have taken another important town in the province after three days of heavy fighting with Ethiopian troops, according to a guerilla spokesman in the Sudanese capital, Khartoum.

The rebel group says it is now in a position to launch a final simultaneous assault on the remaining towns held by the Ethiopian army.

A spokesman for the Eritrean Liberation Front (ELF) said in Khartoum that the town of Tessenei, which is 25 km. from the Sudanese border, fell earlier this week. He claimed that 3,000 Ethiopian soldiers had retreated to a strongly fortified camp three *kilometres from the town*, where they were being supplied by helicopters. He said that it was too early to estimate casualties but claimed that 300 Ethiopian soldiers had been captured and that another 45 had fled.

Sudanese Press reports, quoted by UPI, said that seven guerillas had died and 200 Ethiopian troops had been captured. One newspaper said that another border town, Ali Gadre, had also fallen to the rebel forces.

The ELF spokesman said that the Front had reorganised its forces into five mobile commands with the intention of moving on all the Eritrean towns still held by the Ethiopian army. He claimed that these forces numbered 25,000 "troops" and 15,000 "militia." He said that the ELF and other guerilla groups in Eritrea could have achieved a military victory at any time last year. They had waited, in an attempt to first unify their forces, but had not achieved this.

The secessionist forces have made considerable gains in the last few months. Two weeks ago the Marxist-oriented Eritrean Popular Liberation Front announced that it had taken the district capital of Nakfa in northern Eritrea after a five month siege during which the Ethiopian army had made desperate attempts to retain it. Paratroops were reportedly dropped to defend it.

The fall of Nakfa appeared to bring all of northern Eritrea, with the exception of the town of Keren, into the hands of the two rebel groups.

Latest guerilla claims of an all-out final campaign does not necessarily signal an imminent victory by the rebel forces. Although the ELF and EPLF appear to control large areas of territory, most of it is in the sparsely populated lowland part of the province. The Ethiopian armed forces, thought to number as many as 25,000, still hold the key towns in the highlands, including the capital, Asmara, and the towns of Keren and Agordat.

Also, the number of guerillas the ELF claims to have is considerably in excess of outside estimates, which last year put the combined total of ELF and EPLF forces at not more than 20,000. Other estimates have been even lower.

Furthermore, as the ELF admits, unity with the EPLF, which must be a crucial factor in any victory, is clearly as far off as ever. The ELF spokesman said yesterday: "We are no nearer unity than we were two years ago when the groups met in Khartoum." An EPLF spokesman, speaking yesterday in Khartoum, made no mention of unity, *saying only: "We are not engaged* in a military coup but in a revolution. We will not be blackmailed. Our position is principled, arrived at after lengthy discussion and has not changed."

However, the ELF spokesman said: "The search for unity is to go on but new developments mean we must move more militarily." This is taken to be a reference to growing material support for a rebel victory that is believed to be flowing from Arab states.

Right-wing positions pounded in S. Lebanon

BEIRUT, April 6.

PALESTINIAN AND Left-wing gunners to-day pounded the strategic town of Marjayoun near the Israeli border in apparent preparation for an offensive permitted by Syria on right-wing positions in Southern Lebanon.

Fighters in the area said that Palestinian and left-wing troops had been joined by the Syrian-controlled Saiqa Palestinian Commando organisation in showering heavy-calibre shells and rockets on Marjayoun, the most important right-wing stronghold in southern Lebanon.

Observers here said that Saiqa backing of other Palestinian guerilla groups fighting for control of villages along the border with Israel signalled a significant change in the Syrian attitude towards parts of the Lebanese Right. Syrian troops and Saiqa units supported the right in the later stages of the 19-month Lebanese civil war which ended in most parts of Lebanon last November.

Informed sources here said that Syria was increasingly embarrassed by the close links between their war-time allies and Israel, which is frequently covering right-wing action in southern Lebanon with concerted artillery fire from positions across the border. The sources also said that Syria was displeased with the hard-line on the Palestinians taken by right-wing leaders such as Mr. Camille Chamoun of the National Liberal Party. Mr. Chamoun wants the Palestinians in the south disarmed, while Syria is understood to be in favour of having a continued commando presence, dependent to a large degree on Damascus, in the border region.

President Elias Sarkis met separately with Soviet ambassador Alexander Soldatov, Foreign and Defence Minister Fuad Butros and Col. Ahmed al Hajj, the Lebanese military commander of the 30,000-man Arab peacekeeping force. The Arab force has been unable to enter the south to stop the fighting due to Israeli objections that such a move would pose an intolerable security threat.

Agencies

Fiji will have new elections

By Dai Hayward

WELLINGTON, April 6.

FORMER FIJIAN Prime Minister Ratu Mara has won his gamble to force the Federation Party into conceding that it cannot govern with a workable majority.

Fiji will now have a second election. This was announced only one day after the final result of last week's election. In the meantime, the country will be governed by a caretaker government made up of both Federation and Alliance Party MPs. It will probably be led by Ratu Mara.

Strife within the Federation Party, and a dispute over its leadership, contributed to its failure to govern effectively. In the election, the mainly Indian Federation Party won 26 seats the multi-racial Alliance 24, independents one and the anti-Indian Fiji Nationalists one.

The Alliance Party hopes to win back seats where Federation candidates won last week-end. Alliance supporters having switched their allegiance to the *growing National Party.*

Kenyan patience running out over seized vehicles

BY JOHN WORRALL — NAIROBI, April 6.

KENYAN ANGER is building up over Tanzania's continued refusal to release Kenya's aircraft and vehicles which were impounded by troops and police when the border between the two countries was closed by Tanzania last February.

Repeated attempts have been *made at the bigest levels* to persuade the Tanzanians to return to normal relations. Compensation is now being demanded by Kenya for vehicles and light aircraft, and Foreign Minister Munyua Waiyaki is hinting at legal action.

The Kenyan Government says the property seized is worth £13m. Tanzania is holding 30 heavy lorries and trailers owned by Kenatco, a wholly owned Kenya Government business, many of which were on the way to Zambia. More than 60 tourist vehicles, mostly minibuses, and 33 light aircraft have also been impounded.

A recent attempt to sort out these and other problems at a meeting of Kenyan and Tanzanian officials in Kisumu seems *to have failed.* There was an attempt to separate financial issues arising from the breakdown of the East African Community corporations and the border problem. Tanzania, for instance, is demanding the return of two Lake Victoria steamers held by Kenya at Kisumu in return for the release of Kenya's vehicles and aircraft.

A kind of understanding was reached at Kisumu but, according to a statement this week by Dr. Waiyaki, "This understanding has not been accepted by the Tanzanian Government and the situation is likely to remain as it is for an indefinite period."

Since the grounding of East African Airways there are no local air links between Nairobi and Dar es Salaam. The newly formed Kenya Airways may not have a service to Tanzania until the wounds are healed.

There is also no rail connection between Kenya Railways—formed recently after the split in the East African Railways Corporation—and Tanzania, contributing to the paralysis of trade between the two countries.

Almost the only links left are telephone and mail. The latter goes by foreign carriers, and a *telephone call to Dar es Salaam* takes only minutes, a tribute to the one Community corporation left intact, East African Posts and Telecommunications.

Congo shuts Assembly

BRAZZAVILLE, April 6.

The new Congolese Government to-day dissolved the National Assembly and suspended all local administrators in the wake of Tuesday's suspension of the constitution.

There was no official explanation for the move, decided by the 11-man military council which took control of the country after the assassination on March 18 of President Marien Ngouabi. All mayors, prefects and sub-prefects have been suspended.

The council, headed by the new President, Col. Joachim Yhombi Opango, also issued a new 15-man cabinet list, naming M. Theophile Obenga as Foreign Minister.

The Government had already named Major Louis Sylvain Ngoma as Prime Minister, Major Denis Sassou Nguessou as Defence Minister, Captain Xavier Katali as Interior Minister and former Premier Henri Lopes as Finance Minister.

Agencies

Rhodesia murder dispute

BY MICHAEL HOLMAN — SALISBURY, April 5.

THE RHODESIAN Government to-day denied suggestions that black members of the Security Forces might have been responsible for the murder of a prominent black businessman at a mission station in the north-east of the country. It said there was no doubt that the killing was the work of nationalist guerillas.

The businessman, Mr. Basil Nyabadza, was shot dead on Friday in front of his wife at the St. Francis Mission near Rusape, 100 miles east of Salisbury. A white Catholic sister at the mission said to-day that Mr. Nyabadza had been murdered by two armed blacks "wearing uniforms similar to those of the security forces. I am convinced *the murder was not the work of guerillas*," she said.

A government spokesman said that security forces investigating the killing had discovered Communist-made cartridges used by guerillas at the scene.

Agencies add: Security Force Headquarters to-day announced that a population was under way to move another 17,000 blacks from their scattered homesteads into Protected Villages, centres set up in guerilla war zones to prevent insurgents gaining help of blacks or *intimidating them.*

The seven latest villages, each housing some 2,500 people, are being set up in the Honde Valley, near the Mozambique border, a major battleground in recent months. The government expects that some 250,000 blacks will eventually be settled in protected villages, which nationalist leaders have likened to concentration camps.

Gromyko talks soon with Indian leaders

By K. K. Sharma

NEW DELHI, April 6.

OBVIOUSLY *worried at the prospect of losing its principal ally in Asia*, Russia has decided to send its Foreign Minister, Mr. Andrei Gromyko, for talks with the new Janata party Government as soon as possible. It was announced to-day that Mr. Gromyko had accepted an invitation casually extended by the External Affairs Minister, Mr. Atal Bihari Vajpayee, when the Soviet ambassador called on him last week.

The new Prime Minister, Mr. Morarji Desai, has said he will base his foreign policy on "*genuine*" *non-alignment*, adding that if any agreement came in the way of friendship with any other country, it would have to be revised. The only country which could be affected by the 15-year treaty of friendship and co-operation with Russia in an era of international detente is China and it is known that Mr. Desai favours better relations with Peking. Ambassadors were exchanged a few months ago for the first time since the border war in 1962.

Mr. Desai must also have *realised that he cannot easily* tear up the treaty with Russia. Since it was signed in 1971 relations at all levels have strengthened to a point that India would find it difficult to tone them down. Russia is, for instance, India's main supplier of military hardware, trade with Russia is expected to exceed Rupees10bn. (roughly £650m.) and Russia has given valuable political support to India whenever it has been needed.

Japanese industry curbs investment

BY CHARLES SMITH, FAR EAST EDITOR — TOKYO, April 6.

CAPITAL investment by Japanese industry will increase by only 1.3 per cent. in fiscal 1977 compared with an estimated 13.5 per cent. gain in 1976 according to the Long Term Credit Bank, one of Japan's two main specialist banks in long-term loans to industry.

The LTCB's forecast, based on a survey of 906 companies in 25 major industries, is much less optimistic than the Government forecast which says investment will pick up by 12.2 per cent. in fiscal 1977. The Government's view, however, differs from almost all other recently published investment forecasts which show expenditure rising by anything between zero and 2.1 per cent.

Capital investment was the main engine of economic recovery in Japan after each of the post-war recessions which preceded the 1973 oil crisis.

Industry's refusal to resume its old habits of bullish investment in new plant and equipment goes far to explain why the economy is not picking up rapidly.

The big difference between the investment outlook in 1977 and actual performance in 1976 is that the steel industry will reduce its investment sharply. Last year the major steel companies completed investments in production facilities planned before the oil crisis and the industry has no further plans for any new big investments of this kind. As a result, steel investment will drop by 32.4 per cent. Some other manufacturing industries, including cars, shipbuilding and electrical machinery, will spend more this year but the only industry *promising a really large outlay* during 1977 will be electric power, which will step up investment by just under 20 per cent.

Without electric power industry's total outlay on equipment investment would be down in 1977, the LTCB says.

The percentages quoted above are calculated on the basis of the value of new equipment or construction expected to be physically completed during fiscal 1977. A comparison based on the actual flow of funds into industrial investment, allowing for the time-lag between the *execution of an investment* project and payment, shows a 7.6 per cent. rise in investment in 1977.

JAPAN is reacting extremely coolly to a proposal by the Managing Director of the International Monetary Fund, Mr. Johannes Witteveen, to set up a "facility" to channel funds from countries with balance of payments surpluses to non-oil producing developing countries, our Far East Editor writes.

Financial officials of leading industrial nations are expected to meet in Paris on April 16 and 17 to discuss the proposal. The meeting will prepare for the next conference of the IMF Interim Committee later this month, when Finance Ministers will discuss the plan.

Senior officials at the Ministry of Finance said to-day the IMF already has adequate machinery for re-cycling funds and that any new "facility" would probably be superfluous. If the problem were simply lack of funds, the officials said the IMF should consider a seventh quota increase for its general agreement to borrow, which would be fairer because member countries enjoy voting rights at the IMF in proportion to the size of their quotas. A generous contribution to a special facility like that proposed by Mr. Witteveen would not be reflected in voting rights.

The picture looks different again if one "deflates" the investment figures to allow for rising prices. The inflation-adjusted figure shows a modest fall in the volume of investment expected to be carried out in 1977.

Two striking features of the 1977 outlook which apply more or less across the board are the sharp drop in outlay on anti-pollution equipment (42 per cent.) and in overseas direct investment (48 per cent.). The LTCB warns that the estimate for foreign investment could turn out to be unduly pessimistic because some companies, at the time the survey was conducted, had not "firmed up" their plans for 1977. It seems clear, however, that the long-anticipated boom in Japanese overseas investment is not going to start this year.

A final and highly significant point about the 1977 outlook is that much more investment is expected to be funded from the resources of industry itself, and much less from external sources such as bank loans or bond issues. Internal resources should supply 54 per cent. of total *investment funds this year* compared with 45 per cent. last year and 35 per cent. in 1975, the LTCB says.

WORLD TRADE NEWS

Japan-US trade talks to centre on TV dispute

BY DOUGLAS RAMSEY — TOKYO, April 6.

MR. ROBERT STRAUSS, the new American Special Trade Negotiator, arrived in Tokyo to-day for talks on trade, and specifically on Japan's colour television exports to the U.S.

Japan will press during the informal negotiations for U.S. acceptance of voluntary restraints by Japanese makers on their *colour TV exports to avert* any unilateral action by Washington to stem the tide.

Japanese colour TV exports to the U.S. went up 240 per cent. in 1976, pushing the value of this trade to \$560m. and the volume to just under 3m. sets, according to Japanese Customs figures. At present, experts put Japan's share of the U.S. colour TV market at *40 per cent.*

In the dispute, American colour TV makers would like Japan to settle for the average of its 1973-75 levels of exports, that is around 1m. sets a year. Japan will try to get a figure closer to 2m. sets.

The U.S. International Trade Commission (ITC) recommended to President Carter in March that the U.S. unilaterally raise duties on incoming colour TV sets from four overseas suppliers, including Japan. It would be pegged at 25 per cent. this year and next, 20 per cent. the following two years and decline to 15 per cent. in 1981, then revert to the present level of 5 per cent.

Mr. Strauss is in Tokyo at the invitation of the Prime Minister, Mr. Takeo Fukuda, for a round of general trade discussions, but it is clear from Japanese sources that the pending ITC recommendations will be the key point of the agenda. President Carter has until May 21st to accept, amend or reject the ITC rulings, but Japanese officials took heart from his action last week in overturning an earlier ITC ruling against imported footwear.

Still, the Japanese industry has not yet given any specific ceiling which they would voluntarily observe in return for no unilateral U.S. controls, and there could be problems in formulating an agreement.

Above all, the U.S. will probably *not accept purely voluntary* restraints, and will press instead for formal "orderly marketing arrangement" which would let U.S. Customs authorities turn away any colour TV sets which breach the agreed limits.

Japan would agree to this, but clearly differs from U.S. officials in what it considers a base year from which to start representing a "normal" level of exports, as well as the yearly (but modest) increments such agreements normally provide to the exporting countries.

Export warning on sterling

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

"Unless the pound sterling is allowed to reflect the difference in the inflation rates between Britain and our major industrial rivals, within 12 months exporting from the U.K. will be unprofitable and in two years it will be impossible."

This view has been put by Mr. John Allenby, joint managing director of forklift trucks group Lansing Bagnall which, with its recently-acquired Henley Forklift offshoot, shares seven Queen's Awards to Industry for Export Achievement.

He has given a warning that the Treasury's apparent determination to peg the value of the £ at \$1.72 must damage export *competitiveness of U.K. manufacturers.*

The Government finds it politically attractive to maintain the value of the pound even though the U.K. inflation rate is twice that of any major competitor country, he pointed out. And as the flow of North Sea oil develops it will become more easy to hold sterling at an artificially high level.

"U.K. engineering companies might have to get used to the problem the Germans and the Swiss have had for many years—exporting when you have an over-valued currency."

Mr. Allenby suggested that the Treasury policy sharply conflicted with that of the Department of Industry and its support of the industrial strategy exercise.

Currently the attention of the NEDO sector working parties engaged on the industrial strategy was focused on the need for key industries to improve export performance and preserve the U.K.'s share of world trade.

Only last week the short term trends working party of the mechanical engineering "Little Neddy" maintained that the appreciation of sterling since November, combined with the continuing higher rate of U.K. inflation, "is likely to have had an adverse *effect on the* industry's future price competitiveness, the profitability of exports, and hence the attractiveness to companies of any major expansion of export business."

And the January CBI industrial trends survey revealed increasing concern among mechanical engineering companies about export price competitiveness—49 per cent. of respondents expected prices to be a limiting factor on export orders compared with 30 per cent. in the October survey.

EEC to study ASEAN prospects

BY DICK WILSON — BRUSSELS, April 6.

A STUDY is to be undertaken in the next few months of the prospects for industrial compatability between ASEAN and the EEC, an EEC official announced to-day.

An executive of European Banks International (EBIC) *which organised the three-day* conference here on industrial co-operation, said there were 12 major projects in South-East Asia in which European companies might become involved. Most of these will be in the fields of energy, electronics, agricultural product processing and mining.

Two European consortia are to fly teams to Manila next month to look into mining projects as a direct result of the Brussels conference. Ten Germans are also going to Manila in June to talk about agricultural products, processing schemes, but that arose from the independent Philippine conference held in Frankfurt on the eve of the EEC-ASEAN Brussels conference. Other ASEAN countries—Indonesia, Malaysia, Singapore and Thailand—were somewhat put out by this exclusive initiative.

Mr. S. Rajaratnam, Singapore Foreign Minister, said that South-East Asia was far less inhibited about foreign investment than other Third World countries, and did not regard it as either "immoral" or alarming." Yet Europe, he said, was more cautious *in investing in the region* than either the U.S. or Japan.

He said the region would like more EEC participation in industrial projects, including mining. "ASEAN," he concluded, "is too dependent on two sources of investment, the U.S. and Japan. We would feel more comfortable if it were three-legged."

Car imports change by Nigeria

By Our Own Correspondent

LAGOS, April 6.

THE Nigerian Government has given car import licences to 25 indigenous companies in a move designed to reduce the dominance of the car market by a small number of companies. The newly designated importers are scattered all over the country.

They have been granted licences to import Mercedes Benz, Fiat, Nissan, Subaru, Toyota, Ford, Honda and Daihatsu vehicles. New distributors for Steyr and Leyland vehicles are to be announced later, according to the Federal Trade Ministry.

The Government's move is aimed at breaking sole agency agreements between overseas manufacturers and local agents, the Ministry says.

Volvo and Saab sales down

BY JOHN WALKER — STOCKHOLM, April 6.

BOTH Volvo and Saab have sold fewer cars in Sweden during the first three months of this year, compared with the same period *in 1976, according to the Swedish* Motor Manufacturers and Wholesalers Association.

Total sales of all makes during the first quarter amounted to 65,482 units compared with 73,528 in 1976. Last year was an all-time record when sales reached a total of 312,880 cars.

Volvo's domestic sales were down 18 per cent. to 15,573 during the first quarter compared with the same period in 1976 and their market share is down from 26 per cent. to 23.79 per cent. Saab has experienced a larger decrease and sales have dropped by 24 per cent. to 8,052 cars from 10,637 in the same period last year. Their market share has dropped from 14.46 per cent. last year to 12.30 per cent. this year.

In the period 1971 to 1976 Volvo's and Saab's combined market share has gone down from 43.2 per cent. to 33.9 per cent., on a market which has *steadily increased from 198,000* cars sold in 1971 to 312,000 cars in 1976.

During the same period Japanese competition has made a sizeable dent in the market, having a penetration of 1.7 per cent. in 1971, which has risen to 8.2 per cent. last year.

Other foreign makes account for the balance which amounted to 55.1 per cent. in 1971 and increased steadily to 57.9 per cent. in 1976.

The going is expected to be even rougher for the Swedish Manufacturers later this year when Sweden *dismantles the 10* per cent. tariff wall on cars manufactured in the Common Market. Sales for this year are forecast to be about 40,000 to 50,000 lower than in 1976.

France to attack U.S. market

By Robert Mauthner

PARIS, April 6.

THE FRENCH Government, in an effort to wipe out last year's 20bn. (about £2.5bn.) trade deficit, is encouraging French companies to make a bigger effort to export to the U.S., a market which France surprisingly has tended to neglect in the past.

An important step in this direction has been taken by the upgrading of the New York *representative office* of the State-controlled French Foreign Trade Bank, Banque Francaise du Commerce Exterieur, one of the main export and import financing institutions, into a fully-fledged branch office.

Its new status in the U.S. will give the bank access to the New York money market and will thus enable it to provide much-improved credit facilities to potential clients.

The French, who have concentrated their export effort on the Common Market and developing countries, have recently become seriously worried about their trade deficit with the U.S.

Though trade with the U.S. represents no more than 6 per cent. of France's total trade, the French *trade deficit* with that country last year amounted to *as much as Frs.10 bn.*

While France is the world's fourth largest trading nation, preceded only by the U.S., West Germany and Japan, it accounts for only 2 per cent. of U.S. imports, roughly equal to that of Italy, but well behind West Germany with 4.6 per cent. and the U.K. with 3.5 per cent.

And though French companies have a stake in some 1,000 American companies, of which 300 are French-controlled, direct French investments in the U.S. total no more than \$1.1bn., compared with \$5.8bn. worth of U.S. investments in France.

The French foreign trade bank has pointed out that while large French companies have scored some notable successes in the U.S. in recent years, smaller companies have hesitated to move into the U.S. Yet in spite of the fierce competitive climate, the U.S. provides fertile ground for smaller companies, according to the bank, which also emphasises that French companies have concentrated too much on the eastern seaboard and California instead of venturing into other regions.

Mideast generator orders

Rolls-Royce has achieved Middle East contracts for gas turbine electrical generating equipment valued at over £9m. New orders have been received from a variety of customers in Iran and Saudi Arabia for sets to be installed at a steelworks, a fertiliser processing plant, a hospital and an airport. All the equipment is based on the range of Rolls-Royce Olympus-powered packaged power stations, sales of which have already been made to Iran, Malawi, Australia and Japan.

Dubai hotel contract

A *management contract for a* new 200-bedroom hotel, the Dubai Metropolitan, marks a "first" in the Middle East for Grand Metropolitan Hotels through their subsidiary Grand Metropolitan World Wide. Scheduled to open in 1978, the hotel is being constructed by Al Habtoor Engineering Enterprises.

Sugar factory

Maschinenfabrik Buckbau R. Wolf, a unit of the Fried. Krupp group, has received a contract valued at DM130m. to build a turnkey sugar factory in the Ivory Coast, which is to have a daily processing capacity of 4,000 tons, to be on stream in time for the 1979-80 sugar harvest.

Turkish Cypriots face up to reality

THE TURKISH sector of Cyprus is suffering a serious payments problem as evidenced by the first official statistics to come to light *since the 1974 war.*

The trade deficit in 1976 grew by 170 per cent. compared with the previous year to reach \$46m. and this is for a population of only 150,000. The situation is not as bleak as it may at first seem, however, since only a portion of the trade deficit is in hard currency. Trade between northern Cyprus and the Turkish mainland is conducted in Turkish lira which is legal tender in the Turkish sector of Cyprus. The hard currency deficit last year totalled \$21.6m., less than half of the total.

Exports were \$4.4m., 66.6 per cent. higher than in 1975. Imports however, soared by 135 per cent. to \$60.4m. Turkey supplied about \$6m. in hard currency which more or less closed the hard currency deficit.

"It is natural that a country which is as small and possessing as limited means of production as the Turkish portion of Cyprus should have a trade deficit," an official document states. The size of the deficit, it explains, is due to the fact that "fields of production which could provide a degree of import substitution and export potential could not be brought up to the desired level of productivity."

Turkey was the major trading partner, buying 30 per cent. of Turkish Cypriot exports and supplying nearly half their imports. But compared with 1975 its share in 1976 declined considerably and Britain, traditionally Cyprus' major trading partner, made substantial headway. Indeed, last year Britain became the biggest buyer of Turkish Cypriot products taking 33 per cent. of exports and second biggest supplier of imports with 25 per cent. of the market. Other major trading partners were Holland, Denmark, Italy and Libya.

Exports

Raw materials, foodstuffs and livestock and oil were the main items of imports with citrus fruits accounting for nearly half of the exports. Citrus fruit exports in 1976 totalled 43,000 tonnes, 31 per cent. higher than the previous year, and a similar increase is expected by officials this year.

Turkish Cypriots lack marketing experience and organisations. They suffer further from not being recognised as a State. But they have been trying very hard to promote sales and, as last year's 66 per cent. increase indicates, have had some success. However, they still face formidable problems, ranging from bad telecommunications to shortage of hard currency to buy industrial raw materials.

Ironically enough, Turkey, which is in a position to help appears unwilling to do so. Ankara has refused to grant Turkish Cypriots their request for a lifting of import duties on Cypriot products which could have a booming market on the mainland. With the exception of citrus fruits for industrial use and citrus packing plants, Turkish Cypriot goods are treated like those of any other State and charged import duties of between 46 and 56 per cent. This, officials claim, impairs their sales to a great extent. The *Cypriots* have even been unable to sell Turkey their citrus fruits which have been rotting on the trees for lack of buyers.

Turkish goods, on the other hand, enter Cyprus without any impediment and have virtually flooded the market. The Turkish Embassy in Nicosia proposed a limited customs union between Turkey and the Turkish sector of Cyprus, but nothing came of *this scheme.*

Shattered by internal rivalry and fighting over whether the general election should be held in October this year or earlier, Mr. Suleyman Demirel's four party coalition has little time for the problems of Turkish Cyprus. Sources say, however, that it was the Minister of Finance, Mr. Yilmaz Ergenekon of Mr. Demirel's Justice Party, who refused to endorse a zero customs tariff for Turkish Cypriot goods.

Another major impediment for Turkish Cypriot exports is effective obstruction by the Greek Cypriots. For instance, the Turks had to go through cumbersome law suits in Britain, Holland and Germany before they could export their citrus crops.

Mr. Rauf Denktash, leader of the Turkish Cypriots, said in an interview that the Greeks must stop economic war if the political atmosphere is to improve, permitting a settlement of the Cyprus problem.

Experience

The economic well being of the Turkish Cypriot community is more important to a final settlement than is generally recognised. The Greeks, who dominated the Turks for many decades, are far more experienced in business than the Turks who have just started. When the Turks set up their "State" two years ago there were very *few* people, even in the Ministry of Trade, who knew the difference between CIF and FOB prices. There is thus a very real awareness on the Turkish side that if they merge with the Greeks before their economic development is completed they will be swallowed up a second time.

Mr. Denktash appears determined not to permit such a merger—freedom of movement and settlement between the north and the south—unless he feels strong enough economically.

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Sir Derek predicts exciting future for Scottish coal

BY OUR GLASGOW CORRESPONDENT

A CALL FOR an urgent transformation in productivity by Scottish miners came yesterday from Sir Derek Ezra, National Coal Board chairman.

Sir Derek, speaking during a visit to Seafield Colliery in Fife, disclosed that output from the Scottish coalfields fell last year by 630,000 tons to 8.96m. tons, a drop of 6.6 per cent., which was higher than the national output decline.

Productivity at 38.6 cwts. a manshift also fell by 2 per cent., although this was less than the national drop.

Predicting an exciting future for Scottish coal, in spite of these "disappointing" results, Sir Derek said that there must be productivity increases if the present losses on Scottish deep mining operations were to be turned into profits.

"There is no doubt that the Scottish collieries have the capacity, the modern machinery and the men to improve substantially on these results from now.

Subsidy

"An urgent transformation is needed and is attainable. Management and unions are working closely together to reverse this downward trend."

Referring to the Government's recent announcement of a grant of £7m. to subsidise the cost of coal to the South of Scotland Electricity Board during the next five years, Sir Derek said that he was confident this would soon result in a five-year supply contract with the Board.

The grant had given the Coal Board confidence to continue its exploration programme in Scotland, involving deep drilling and seismic surveys in the Musselburgh area—where a field of 50m. tons has been discovered—and to the west of the existing Longamet field, which is the largest in Britain.

He hoped that the next pay policy would give the industry the flexibility it needed to allow the introduction of an effective incentive scheme and to correct pay differentials.

Kevin Done writes: The quality of the U.K.'s expertise in nuclear power technology is probably unsurpassed, but its application and the organisation of the industry have been abysmal, according to Mr. Leslie Grainger, the National Coal Board's member for science.

Writing in the Coal Board's Coal and Energy Quarterly, he says that the confusion about the scale of the thermal reactor programme and choice of reactor type has strengthened the case for reflection before plunging into the era of fast commercial breeder reactors constructed in series.

Mr. Grainger argues against the assumption that it would be cheaper and more effective for Britain to proceed through international co-operation rather than going it alone on nuclear development.

Some potential partners might want to move faster than Britain needs, and the costs of a purely domestic programme could be misleading.

Writing in the same publication, Mr. Len Murray, general secretary of the TUC, says that an energy commission is essential to the long-term planning of an integrated energy policy, and the unions had to be fully involved in its decision-making.

The depletion of North Sea oil and gas reserves should be regulated—"both to conserve this valuable resource and to avoid creating havoc in the investment, development and manpower programmes of the other energy industries."

As well as having majority holdings in the North Sea oil fields, the British National Oil Corporation should be active in refining, distribution, and petrochemicals, and public ownership of oil platform construction sites would be advantageous, Mr. Murray argues.

Terry Kirk

Young Liberals chief Peter Hain (left) urges Mr. Anthony Tuke, Barclays Bank chairman, during the annual meeting, to end the bank's South African investments.

Price policy 'a blow at confidence' —CBI chief

Financial Times Reporter

THE GOVERNMENT's price proposals were criticised by Mr. John Methven, director-general of the Confederation of British Industry, making his first considered comments on the Budget in addressing the Political and Economic Circle at the National Liberal Club.

Mr. Methven described the proposals as "yet another example of big brother-style government which thinks it always knows best."

The CBI accepted the case for some control, he said, but it objected to the fact that a major part of the new controls would be permanent, and to the powers of investigation the new Price Commission would have.

"The new proposals, particularly in relation to the general investigations, will cause great uncertainty in industry. They are discretionary, and industry will not know where it stands. Business confidence can only be damaged, which will be bad for investment and bad for jobs.

"And, regardless of any so-called safeguard clauses which might appear, I need a lot of convincing that the proposals would remain free of political abuse by Government seeking to act on the prices of everyday goods and services for short-term political reasons."

While the Budget was on the right lines, very much more was needed to increase incentives, said Mr. Methven.

Shareholders rap Barclays role in South Africa

BY MICHAEL BLANDEN

BARCLAYS BANK again came under fire for its involvement in South Africa at its annual general meeting in London yesterday as Mr. Anthony Tuke faced the regular barrage of questions from shareholders.

The critics included Mr. Peter Hain, the Young Liberal leader, who maintained that Barclays was seen as a "leper of the international financial community." Other critics were two U.K. local authorities and a number of church groups.

The attack has been led by the Anti-Apartheid Movement, End Loans to South Africa and the Haslemere Group.

Mr. Tuke said in answer to questions that he had suggested to the directors of the South African subsidiary that it should sell the controversial recent £6.6m. investment in South African defence bonds. But he stressed that the decision would be made in South Africa.

The arguments centred mainly on this point as well as the general issue of the bank's operations in South Africa and its plans to set up a separate subsidiary for its branches in South West Africa (Namibia). The bank has recently met representatives of the Sotuh West Africa People's Organisation in London on this issue.

Mr. Tuke opened the meeting with a statement covering both the recent moves to boycott the bank by Arab countries and the defence bond investment.

On the boycott, he stressed that the bank was neither pro-Arab nor pro-Jew: "We are merely anti-boycott." It was not for the bank to take sides in political disputes. The boycott would raise some administrative inconvenience and perhaps some loss of customers.

Discussing the bonds, he said such investment decisions were made by the local Board, though he acknowledged that it had been handled in an "insensitive" way. However, the investment made no direct impact on the ability of the South African Government to buy arms.

Answering questions, Mr. Tuke said the bonds had to be held for a minimum of a year. He continued to disagree with the more general arguments put forward for the bank to withdraw altogether from South Africa.

Mr. Peter Regan, of Derbyshire County Council, asked about the transfer of funds from its South African subsidiary to Rhodesia. Mr. Tuke replied that he was not aware of this happening but would check if any examples were raised.

Anxiety prompts probe into PVC production

ANXIETY BY local residents about the possibility of po sonous fall-out has caused the Department of the Environment to decide to hold a public inquiry into a plan to double the production of PVC by Vinatex at the Staveley Industrial complex near Chesterfield, Derbyshire.

Staveley council said yesterday: "The council objected to the plan because we don't know of the possible dangers and nobody will tell us.

"The complex contains not only Vinatex but also Staveley Chemicals, and stuff is being shot into the air by both of them. We want to know what happens when they mix, and will it be dangerous to people living in the area?"

Business failures fall in first three months

BY JAMES McDONALD

THE NUMBER of business failures fell in the first three months of this year, after the rise in October-December last year, according to Trade Indemnity Company, which underwrites credit insurance business but also collects overdue accounts for policy holders.

The total in the first quarter of this year of business failures was 534, compared with 600 in the previous quarter and with 661 in the same period of last year.

But Trade Indemnity points out that since 40 per cent. of the failures during the last quarter were notified in March "it is probably too early, as yet, to talk of any distinct improvement in the failure trend."

The company's statistics relate only to "trade credit" arising from the sale of goods on credit terms by insured merchants and manufacturers and do not relate to "consumer credit" allowed to private individuals.

Although failures in engineering and furniture and upholstery rose between the final quarter of last year and the first quarter of this year, all the trade categories were below the levels of the first three months of last year.

The failure pattern among trade categories, in general, showed little change over the year, apart from a marked deterioration in the distribution end of clothing and textiles.

In the collections sector of its business, the company says that the number and value of collections notified in the last quarter were higher than in any of the three preceding quarters, but were below the comparable totals for the first three months of last year.

A total of 1,810 collections, involving £1.53m., were notified, compaerd with 1,992 collections, worth £1.55m., in the first quarter of last year.

An analysis of collections notified by trade of policy-holder in the first three months of this year, compared with the same period of last year, shows a reduction in the numbers and values of cases for several trades.

But appreciable increases were recorded by policy-holders in advertising; chemicals; clothing; cotton textiles; foodstuffs; furniture and upholstery; plastics and timber (mainly by merchants selling to the building trade).

Post Office plan to double promotion spending

By Christopher Lorenz, Electronics Correspondent

THE POST OFFICE is planning to double its telecommunications publicity spending to £7.2m. in the current financial year in a bid to increase demand for all types of products and services.

The Post Office and its private sector suppliers of telecommunications equipment are also making progress in their talks about a possible joint marketing campaign.

The equipment manufacturers and their unions have proposed a strategy similar to that applied in West Germany, where a joint marketing drive by the Bundespost and its suppliers is claimed to have increased demand for telephone connections to a record level.

Last year the Post Office suggested a joint publicity drive, but its suppliers said that if it were to be effective any joint effort should be much broader and should not just be confined to advertising.

Surprise

This was a main part of their representations to the Department of Industry against the Post Office's recent cut of £220m. in exchange equipment ordering.

They claimed that the cut would be rendered unnecessary if a sufficiently aggressive marketing drive were mounted, since the extra consumer demand would quickly fill existing over-capacity in the Post Office's telephone exchanges.

The suppliers' unions have repeatedly called for a cut in peak telephone tariffs and installation charges, as two other ways of increasing demand for their products and of maximising the use of the Post Office's existing assets.

There was some surprise when the Post Office Engineering Union joined the call for reduced installation charges.

Discretionary

News of the proposed doubling of publicity expenditure was given to the suppliers and unions at a meeting earlier this week by Sir Edward Fennessy, the Post Office's deputy chairman and managing director, telecommunications.

There was a widespread feeling in the telecommunications industry yesterday that it represented the P.O.'s response to the last four months of outside pressure for better marketing, but the P.O. has appeared satisfied with its own strategy. For the second year running, it is already expecting a record number of new telephone connections this year (about 1.5m.).

The Post Office is continuing to resist suggestions for a cut in peak telephone tariffs. It has countered the call—from Sir Harold Wilson, and others—for lower installation charges on a national basis by pointing out that local telephone managers have discretionary powers to reduce such charges for a time as part of a promotional exercise.

Sinn Fein decides against large rallies at Easter

BY GILES MERRITT

THE POLITICAL wing of the Provisional Irish Republican movement has said in Dublin that it may organise mass public rallies in support of the hunger strike by 20 Provisional IRA prisoners.

The hunger strike, now in its second month, had reached a "critical stage," but there would be no large demonstration in Dublin over Easter, said Mr. Rory O'Brady, president of the Provisional Sinn Fein, the political wing.

Fourteen of the hunger-strikers at Portlaoise top-security prison are in hospital.

Officials in the Irish Government have made it plain that they feared an upsurge of extremists Republican demonstrations over Easter, accompanied by clashes with the police. Easter is a traditional rallying time for Republicans, as it commemorates the 1916 rising, and this year would have coincided with growing concern over the fate of the IRA hunger strikers.

Confrontation

The Irish Government and the Provisionals appear set for a confrontation over the hunger strike. The prisoners demand that the authorities accept an eight-point list of demands, chiefly concerned with conditions inside Portlaoise, while Mr. Patrick Cooney, Justice Minister, has said that he will make no deals with them.

Provisional Sinn Fein organised a demonstration on Sunday by 1,500 supporters outside Portlaoise, and it resulted in police baton charges in which 50 demonstrators and 10 policemen were injured.

Its decision to delay further rallies until after Easter is being interpreted as a tactic of timing, for, in a fortnight, the condition of the hunger strikers is expected to be much worse.

There is already concern over the best-known of the IRA hunger strikers, Mr. David O'Connell, former Chief of Staff, who has in the past had a kidney removed.

Mr. O'Connell's fate is also a matter of political concern to Provisional Sinn Fein, for he faces the decision of continuing his hunger strike with the risk of costing the movement a prominent leader, or renouncing it and thus costing the movement credibility.

Provisional Sinn Fein leaders said, yesterday, however, that they are powerless to instruct the hunger strikers to end their action. The men have said that only the "camp O.C. (officer commanding)" inside Portlaoise can do that.

The political wing is clearly eager to assume a negotiating role between the hunger strikers and the Irish authorities.

Observers in Dublin, using past hunger strikes as a guide, anticipate that the situation in Portlaoise will reach a crisis point towards the end of this month—which could well coincide with the run-up to Ireland's general election, if that is called for early June.

General says Army stays in Ulster

BY OUR BELFAST CORRESPONDENT

GENERAL SIR DAVID HOUSE, commanding in Ulster, denied yesterday that troops were being withdrawn from the Province.

He told police recruits at a passing-out parade: "They will remain here, and that I mean out and about and doing their stuff."

His statement came after confirmation from the Northern Ireland Police Authority that civilians employed to search shoppers in town and city centres were now being asked to man roadblocks in some rural areas.

Mr. James Kilfedder, Unionist MP for North Down, complained that the Government-employed civilians were not equipped or trained to face armed terrorists, and were being used only because there were not enough soldiers.

The searchers are unarmed, but the police authority said that they operated only in conjunction with armed policemen or soldiers.

● Members of an Army bomb disposal team are expected to appear in court in Belfast to-day charged with theft as a result of a police investigation into allegations of looting after explosions.

Siemens wins contract

BY MAX WILKINSON, INDUSTRIAL STAFF

SIEMENS U.K., subsidiary of the German company, has won a £4.5m. contract to supply 2,000 electronic teleprinters to the Royal Navy.

The Model 1000 teleprinters will be made at Siemens' new factory at Congleton, Cheshire. Modifications required by the Navy will be designed in the U.K.

The machine is one of a new generation in which many of the mechanical parts have been replaced by electronic integrated circuits.

Siemens believes the contract could extend considerably. The teleprinters will be used in re-equipping ships and shore stations.

Welsh agency appointment

By Michael Lafferty, City Staff

The Welsh Development Agency, which performs the functions of the National Enterprise Board in Wales, has appointed Mr. John Collins as head of its Small Business Unit. Mr Collins has been assistant secretary of the Welsh Confederation of British Industry.

The Small Business Unit is intended to provide advice and financial assistance and to carry out research into the needs of small concerns.

London brokers pay $9m. for air crash

THE full value of the Southern Airways DC-9 aircraft which crashed late on Monday afternoon on the small U.S. town of New Hope, Georgia, killing more than 50 people and injuring 20 others, has been paid by the London aviation insurance market through Alexander Howden Insurance Brokers.

A cheque for $9m. was handed over to the airline at 10 a.m. on Tuesday by South Eastern Aviation Underwriters of Atlanta on Alexander Howden's behalf.

Jobs threat at Harland

MORE THAN 100 workers in the engine division of the Government-controlled Harland and Wolff shipyard will be paid off within a few months unless new orders come in, the company said yesterday.

Workers in the engine section in Belfast have already been cut by 130 in the last year, to about 1,500.

The threatened men are skilled tradesmen, semi-skilled, and ancillary workers and staff.

Banker leaves £90 629

LORD KINDERSLEY, a former chairman of Rolls-Royce, who died in October, aged 77, left £106,109 gross, £90,629 net, in his will published yesterday. He was also chairman of Lazard Brothers from 1953 to 1964 and a director of the Bank of England from 1947 to 1967.

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Map by George Philip and Son Ltd. © 1977.

Midland Bank International Delivers.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Gantry for making long welds

TO SPEED lengthy welding operations on crane girders, John Smith (Keighley)—specialist overhead cranemakers and part of the Thos. W. Ward Group—has designed and installed what is believed to be a unique automatic submerged-arc welding gantry.

Capable of handling girders up to 100 feet long, the equipment is said to produce a cleaner, deeper weld of consistently high quality, at about 20 in/min. Since the advent of the gantry, mechanical handling operations have been reduced by 60 per cent, and the company says that critical design features can be completed automatically and rapidly without unnecessary lifting and turning sequences.

The inverted U gantry, running on twin floor tracks, carries two submerged-arc welding heads, adjustable for height and rake, which apply a continuous fillet weld to the girder sections mounted on a fixed bed between the tracks. A longitudinal guide rail, installed using a laser to ensure accuracy, is mounted on upright supports at one side of the bed.

The side webs of the girder are laid flat on the bed and the position of the guide rail adjusted laterally to provide the calculated camber required on the girder span. Separate oxy-acetylene cutting heads trim the web to shape as the welding gantry traverses the bed under pre-set automatic control. When each side web has been cut to camber, the top and bottom flange plates can be simply positioned and spot welded. Maximum girder section is 80 by 78 inches (torsional type).

Correct positioning of the welding heads is automatic. Slight variations in horizontal and vertical dimensions are automatically compensated by an electronic probe mounted in carriages, of the box type fitted front of the welding head. End to larger overhead cranes, are welded in a similar manner.

Costing £40,000, the equipment was designed in conjunction with the Welding Institute and BOC, and built by Steel Engineering, of Dudley. The company estimates the welding gantry is producing up to 15 per cent cost savings over contract production.

More from John Smith (Keighley), PO Box 21, Bradford Road, Keighley BD21 4AL (0535 605311).

Hose reel has its own drive

AN ELECTRICALLY powered hose reel that can be used to carry feed pipes, heavy duty electric cabling, or fire hose has been launched by the Electronic and Mechanical Engineering Co., Halesowen, West Midlands B62 8EA (021-550 3121).

Designed to withstand a delivery pressure of 100 psi and a delivery rate of 90 gal./min. with negligible pressure drop, the reel is 44 in. diameter and 11 in. wide. The drive motor is battery powered, and provides automatic rewind facilities. The unit can be vehicle or floor-mounted. The motor control switch is on a 10-foot cable.

The standard reel and frame is of mild steel, but the unit can be supplied in stainless steel, aluminium or plastic coated steel for applications where resistance to corrosion or high standards of hygiene are important. A mechanical interlock enables the reel to be manually rotated in either direction.

● ELECTRONICS

New stores versus discs

LATEST study to be completed by Mackintosh Consultants, a 500-page two volume exercise, deals with serial memories and covers trends in technology and products in the U.S., Europe and Japan and also looks at markets in the U.S. and Europe.

According to Mackintosh the makers of these new memories (they include charge-coupled devices, beam-accessed MOS and magnetic bubbles) aim to gain a major slice of the lucrative market currently served by the moving magnetic types—discs, tapes and drums.

The total size of this market in Europe and the U.S. is put at $1bn. and in these two areas alone by 1986 the new technology sales are forecast at $250m. Major suppliers are likely to be newcomers to the traditional bulk store scene.

Existing disc, tape and drum *suppliers will therefore be forced* to make, predicts Mackintosh, continuous performance and architecture improvements in order to fight back. Moving head disc makers for example are likely to improve bit density by a factor of ten over the next decade.

The study compares solid-state technologies and notes that the bit packing density now obtainable with CCD is six times that of the present generation of MOS random access memories, assuming the same standard of photolithography: bubble technology is about comparable with MOS RAM on that basis.

However, the fewer processing steps and therefore higher yield associated with bubbles make it feasible to use smaller line widths so that this technique is likely to come out ahead in terms of the density of manufacturable devices.

With 64k bit devices already available from several sources, CCD seems to be the front runner; but it will fall behind magnetic bubbles says Mackintosh by 1980 in terms of cost per bit as increasing numbers of suppliers offer bubble memory chips in excess of 100k bits capacity. *The study predicts that the* price will fall to about one millicent per bit by 1985. More from 33 Bruton Street, London, W.1. (01-499 0605).

● COMPUTERS

Double from Burroughs

INTRODUCED in the U.S. in February and now made available in the U.K. is a new addition to Burroughs' 800 series, the B800 small scale disc based computer.

Having twice the power of the B700, the new machine incorporates the company's computer management system (CMS), an integrated arrangement of operating and application software. In terms of price and performance the computer fits between the B80 very small scale machine introduced in April last year and the B1800 medium scale system on which marketing began last November.

Models in the series have main processors operating at either one or two MHz and up to 131 kilobytes of main memory. The system has a separate programmable data communications processor with up to four communications lines.

Burroughs places emphasis on the growth capability of the B800. Users can graduate to it from the B80, or from it to the B1800, since all three utilise CMS. Furthermore, the new machine has code compatibility with B700, giving "instant maturity" of existing software and instant transfer of user application programs.

● MARKETING

Looking for business

A GROUP of Ontario businessmen seeking British engineering, industrial and computer products for manufacture in Canada under licence or through joint ventures is due to arrive in London *on April 24.*

Products and processes sought cover foundry and metal stamping equipment, aluminium castings, sheet metal shelving, furniture and home hardware, electrical connectors and processes for overhaul of large dc motors, computer peripherals and associated communications equipment, machinery for man-made textiles production, and controls and instruments for handling dangerous materials.

The group has been organised as a product prospecting mission *by the Ontario Ministry of Industry* and Tourism, Toronto. Further information from the Business Development Branch, Ontario House, Charles II Street, London SW1Y 4QS (01-930 6404.)

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● MATERIALS

Safer polyester resins

ALL THE general purpose Beetle polyester resins made by British Industrial Plastics—a Turner and Newall company—are now to be supplied only in the "environmental" form.

The new formulation, which covers eight resins, contains an additive which reduces styrene vapour levels during curing by around 37 per cent (down to 41 ppm). Full ventilation is, of course, still required but these resins should enable moulders to comply with statutory regulations requiring not more than 100 ppm of styrene vapour in the working environment.

BIP would not reveal which additive is being used, but did *say it was not wax,* which reduces the inter-laminar strength. The additive operates by retaining a proportion of the styrene within the polyester. It is claimed that this in no way affects the strength and other characteristics of the laminate.

The company was not prepared to say how much had been spent on this research, which it said had been stimulated by the Health and Safety at Work Act. BIP said the cost of development had been absorbed by the company and would not be passed on to the customer—the new resin prices are the same as the old range.

There is no loss in performance and no increase in cure time, and all the new resins have Lloyd's Register of Shipping approval for GRP boat construction.

BIP emphasises that the inclusion of the environmental additive has very little effect on the level of styrene emission during the early period of hand lay-up or spray-up.

The new formulations reduce styrene vapour levels during the latter stages (that is, after completion of consolidation), and the only effective answer for the *comfort of the operator during* the lay-up period is adequate supplies of fresh air, combined with an efficient extractor system.

Styrene odour is detectable at 25 ppm; irritates the nasal passages at 200 to 400 ppm; at 400 to 1000 ppm causes dizziness, nausea and headaches; at 800 ppm becomes intolerable to mucous membranes; and 10,000 ppm may cause death in less than hour.

Suggestions are already being made in the U.S. that the permitted level should be reduced to 25 ppm. If this is adopted, it is probable that U.K. legislation, which tends to follow U.S. practice in this field, would also call for this level.

BIP, which is at P.O. Box 11, Tat Bank Road, Oldbury, Warley, West Midlands B69 4NF (021-552 1551), has published a leaflet "Reduction of styrene fumes in GRP workshops," which lists 13 recommendations for safer working conditions.

A safer binder

A NEW type of binder which prevents the release of formaldehyde from chipboard, has been developed by Bayer AG. The new isocyanate product is being marketed as Desmodur PU 1520 A.

Conventional binders tend to release formaldehyde, which irritates the eyes and respiratory tracts.

The isocyanate binder forms a chemical bond with the wood chips, which Bayer says gives the chipboard greater strength. The board can be manufactured on existing units with only slight alterations to the process.

Main applications for the chipboard are in building and furniture making. The isocyanate binder can also be used for compression moulded articles, such as boxes and crates, and to bind by-products such as rice husks and peanut shells, sisal, coconut fibre, cereal straw and bamboo.

The maker's U.K. office is at Bayer House, Richmond, Surrey, TW9 1SJ (01-940 6077).

● INSTRUMENTS

Gives exact mass flow

DESIGNED to derive mass flow from their existing measurement systems by applying the necessary compensations for variables such as pressure and temperature is the Metrec unit from Rosemount Engineering.

The unit accepts either *differential pressure or pulse* inputs representing volumetric flow rate and also takes in a *temperature and/or pressure* depending on the type of flow compensation required. Correction is applied for these and also for the compressibility factor over a defined range.

An output signal is used to indicate mass or standard volume *flow and is totalised within the* unit to indicate the integrated flow over a given period.

Excluding the external transmitters employed in the system, the accuracy of the new unit at a specified pressure and calibration point is ±0.02 per cent. of *reading. For a three to one* turn down ratio in pressure and over a fluid temperature range of −10 to +40 deg. C. the accuracy becomes ±0.7 per cent. of the display reading. More from the company at Durban Road, Bognor Regis, Sussex P022 9QX (02433 3121).

Traces with precision

MULTIPOINT printing recorder *made by Esterline Angus Instrument* Corporation and marketed in the U.K. by International Instruments combines a linear servo motor with a simple solid state printing head to ensure positive multipoint channel identification.

Speed Servo II is available with up to 24 independent channels and the print rate can be up to one second per point full scale. The channel identification numbering system—there are *three ways of showing each point* —automatically prevents confusion when input values cause the *traces to overlap, especially when* all channels are in use; much time is therefore saved during chart reading and analysis.

The writing element is integral with *the servo motor* with only one moving part. The printhead itself consists of individual semi-*conductor heating devices* arranged in a 5 x 4 matrix. Each can be energised selectively to print a dot with a character, with switch selection of printing pattern. More from Cross Lances Road, Hounslow, Middx. (01-570 7774).

● COMMUNICATIONS

Pager has own voice

OFFERED by Multitone Electric *Company is a paging system that* makes use of an electronic voice synthesiser to indicate the origin of calls.

The "Access 100 Automatic Processor" allows up to six people using an internal private telephone exchange to enter their paging calls simultaneously—many conventional systems allow access to only one user at a time. Callers *communicate* directly with a memory which stores all the dialled information and then signals each pager in sequence.

To page someone the caller first dials access digits to gain entry to the call processor via one of six trunks. He then dials the digits of the pager to be alerted, followed immediately by *three or four message digits* indicating the telephone extension to be called back or a room number. After being alerted by a call signal the recipient then hears the digits of the dialled message in a synthesised voice.

Average time duration of seven digits is 3.5 seconds, which represents only 30 per cent. of the air time used by the average message spoken directly by the caller in a conventional tone and voice system. This saving and the additional traffic possible through the multiple input trunk registers provides the high capacity typical of tone-only systems. More from 6, Underwood Street, London, N1 7JT (01-253 7611).

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HOME NEWS

Rodgers to end 50 mph limit

BY IAN HARGREAVES

SPEED LIMITS imposed in 1974 as a fuel economy measure will be lifted from June 1, but a new limit of 60 mph will apply on unmarked, single-carriageway roads, Mr. William Rodgers, the Transport Secretary, said yesterday.

He told the Commons that surveys had shown the measures had become widely disregarded, and had become difficult to enforce to a degree where respect for the law would be maintained.

He did not expect present driving speeds to rise significantly, but he thought the changes would make overtaking easier and thus improve road safety.

The Department of Transport said that technically it was possible that drivers breaking the 50 mph and 60 mph limits before June 1 would be prosecuted.

It had not been possible to alter the limits immediately because a period of notice was needed for authorities to put 60 mph signs on any dual carriageway they felt was of too low a standard for the 70 mph limit.

The Royal Automobile Club welcomed the easing of speed limits, but said "it would be even better if the new limits could become operative immediately."

The Automobile Association said: "We hope this is only the first step in a wider review of all speed limits."

Law to curb misleading forecourt price signs

BY TERRY DODSWORTH

GARAGES which do not display clear and unambiguous petrol price signs visible to the motorist in his car will soon face a fine of up to £400.

The Government is planning to introduce legislation to eliminate misleading forecourt advertising "within a matter of weeks," Mr. John Fraser, Minister of Prices and Consumer Protection, said yesterday.

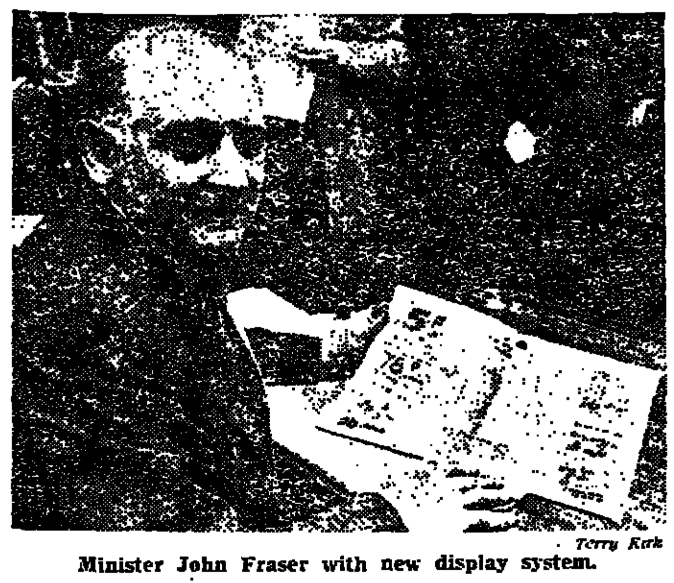
The decision to bring in a statutory order to this effect came after a six-month period in which garages had been given the chance to follow a voluntary code. The experiment, Mr. Fraser said, had failed, and he now had a "clear duty" to the public to bring the whole of the industry into line.

He regretted the move because about half the industry had complied with the voluntary code.

The new statutory order will be along the line of the voluntary agreement, which was hammered out in consultation with the industry.

In essence it will require the price of four-star petrol to be displayed, along with one other grade if it is on offer.

Advertising is required to be displayed boldly, and the motorist should be able to make an immediate calculation



Terry Kirk

Minister John Fraser with new display system.

of the price he will actually have to pay at the cash desk.

In other words, filling stations should not display signs saying, for example, "7p off pump prices" but rather "net cash price 83p" or "7p off pump price of 90p."

The Motor Agents' Association said yesterday that it had campaigned strenuously to ensure that all price displays were clear and it was "deeply distressed" by the lack of compliance by members to the voluntary code.

Mr. Fraser disclosed that misleading petrol advertising topped the list of complaints received by his department.

Housing figures continue decline

By Michael Cassell, Building Correspondent

THE NUMBER of homes on which work started in Britain during February dropped to one of the lowest levels for over 18 months, underlining the continuing recession in the house building industry.

Figures yesterday from the Department of the Environment show that during the month a start was made on only 14,700 homes in the private and local authority sectors combined. The total compared with 15,700 in the previous month and 25,200 a year earlier.

Taking three-month totals to reduce the effect of month-to-month fluctuations, housing starts recorded in the December-February period were 20 per cent. below the level achieved in the preceding three months and 38 per cent. down on the same period a year before.

Housing completions in February reached 22,100, compared with 20,300 in January and 23,200 in the second month of last year. Again on a three month basis, completions recorded between December and the end of February were 10 per cent. down on both the earlier three months and the same quarterly period one year before.

Public sector

In February, public sector housing starts reached 7,100, compared with 8,300 in December and 13,600 one year earlier. Work also began on 7,600 private houses, a repeat of the level achieved in the two preceding months but 3,000 down on February 1976.

Public sector completions in February were 11,400, a rise of 1 300 from the month before but more than 1,000 down on February 1976.

The number of private homes on which work was completed in February reached 10 700 after 10,200 in January. The figure represented a fall of 100 from the February, 1976, level.

The Department also reported that renovation grants for 29,200 homes were approved in England and Wales in the December-February quarter, compared with 23,200 in the same period 12 months before.

Imported cars ready to break through 50% sales barrier

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR IMPORTS gained ground rapidly in the British market in March to take 45.6 per cent. of total sales compared with 39.5 per cent. in February. There is now a distinct possibility that imports could break through the critical 50 per cent. sales figure this month.

The crucial factor in keeping the imports at bay will be British Leyland's ability to get cars out into the showrooms to make up for those lost during the month-long toolmakers' strike.

Production is now going along healthily, but most dealers believe that Leyland's sales will be even lower this month than last, when the company slipped behind Ford to take only 22.63 per cent. of the market with 27,998 sales.

Dealers are now talking privately of a distinct build-up of customer resistance against the Leyland marque because of its industrial troubles and the quality problems these have been causing.

Sales of British cars have not been helped by production difficulties at Ford, particularly on the Escort line at Halewood, Liverpool, where the company has been consistently complaining about low productivity.

Ford's 27.78 per cent. share (31,886 unit sales) took it to the top of the market, but it had been expected to have lifted sales to about 30 per cent. by this stage following the advent of the Fiesta.

The import total was swollen by about 13,000 vehicles brought

MARCH REGISTRATIONS

		%
Ford	31,886	25.7
British Leyland	27,998	22.6
Vauxhall	13,186	10.7
Chrysler	6,937	5.†
Datsun	8,001	6.5
Fiat	7,178	5.8
Volkswagen	5,547	5.8
Renault	2,296	3.5
Others	20,678	15.1
Total	123,707	100.00

in from the Continental associates of the big three multi-national manufacturers.

Ford imported 7,481 vehicles, Vauxhall 4,202, and Chrysler 1,575.

These figures made Ford the second largest importer after Datsun, which has moved back to the top of the import league with 6.46 per cent. of the market (8,001 sales).

Second among the foreign manufacturers was Fiat, which has been staging a big recovery in the last few months, and achieved 5.8 per cent. of the market (7,178 cars). Volkswagen was third with 4.48 per cent. (5,547) and Renault, which is in the throes of the R14 launch, was fourth on 3.47 per cent. (2,296).

Sales of British Leyland cars in the U.S. last month totalled 6,580 representing an increase of 19 per cent. on sales in March 1976. Leyland said yesterday

Freeze plea as packages go metric

By Elinor Goodman, Consumer Affairs Correspondent

THE PRICE Commission yesterday backed suggestions that prices should be voluntarily frozen during the changeover period to metric pack sizes.

Ideally, it said, manufacturers' selling and recommended retail prices should not be increased for two months or so around the date on which the new packs sizes are introduced.

The commission recognised that in some cases the changeover to metric packs would take place over a protracted period and it might not always be reasonable to ask manufacturers to freeze their prices during the entire time taken to complete the process.

But it hoped such exceptions would be infrequent.

Moratorium

Codes of practice, embodying the idea of a voluntary price-freeze, might usefully be negotiated with trade associations involved in future proposals for metrication.

The idea of a moratorium on price increases during the changeover was put forward last year by the National Consumer Council.

But, while some of the Council's ideas were taken up by the Conservative Party and incorporated in the amendments to the Weights and Measures Act, 1976, the price freeze suggestion was not adopted.

Burmah share compromise sought

BY MARGARET REID

THE BURMAH Shareholders' Action Group urged yesterday that any compromise settlement of Burmah Oil's action against the Bank of England over Burmah's former 20 per cent. share-holding in British Petroleum should be on terms acceptable to the group.

As part of its rescue operation for Burmah more than two years ago, the Bank bought Burmah's 77.8m. BP shares at the then depressed price of £179m. The market value of the interest is now £436m. higher than this, at BP's price of 790p, up 10p, yesterday, and Burmah is suing the Bank for the return of the shares at the original price, less the worth of dividends since received.

In his Budget last week, Mr. Healey reaffirmed the Government's intention to sell a 17 per cent. holding out of its own 48 per cent. stake in BP, leaving the State's interest, including the Bank of England's disputed 20 per cent., at a majority 51 per cent.

The Action Group says in a letter to Burmah's 150,000 shareholders to mark its own second anniversary that it is reasonably satisfied that there has been "no loss of momentum" in the pursuit of Burmah's claim against the Bank. At the same time it suggests that Mr. Healey's sale plan will lead to pressure on Burmah to settle the claim for, it fears, an inadequate, even derisory, sum.

Asked what he thought a suitable formula for any compromise would be, Mr. Jonathan Stone, the group's honorary treasurer, hinted at a 50:50 division of the profit on the BP shares between Burmah and the Bank as an acceptable outcome, when he replied: "Why not split it down the middle? And why not get it out of the way quickly?"

The group, which has 20,000 members, is seeking new donations to its fighting fund. The £50,000 raised in the two-year operation (including the group's own legal advice about the strength of Burmah's claim), has now effectively been used, Mr. Stone said.

There appears to be no sign at present of any move towards a settlement of the suit brought against the Bank by Burmah, which expects the case to come to Court in the autumn. Meanwhile, Burmah's 1976 results will be announced on April 20, to be followed by its annual report on May 13 and the annual meeting on June 10.

Use of oil products continues to fall

By Kevin Done, Industrial Staff

CONSUMPTION of petroleum products in the U.K. last year fell to its lowest level since 1968, according to figures released by the Institute of Petroleum.

Last year's consumption, including deliveries to refineries, totalled 86,632,890m. tonnes, 1.2 per cent. lower than the return for 1975 and 18.6 per cent. lower than 1973.

The U.K. consumed almost 20m. tonnes less last year than four years previously. The chief fall was in demand for fuel oil which has continued to decline.

Consumption of both motor vehicle fuels, petrol and diesel, rose last year, however, compared with the totals for 1975, petrol rising by 4.7 per cent. to reach 16,878,600 tonnes and diesel by 3.3 per cent. to total 5.6m. tonnes.

The Institute's figures take no account of last year's consumption of natural gas totalling 31.8m. tonnes, 18 per cent. of the U.K.'s total energy demand.

Naphtha, Avtur, and lubricating oils all showed increases, but there were falls in burning oil and bitumen.

£220m. glass container sales

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

GLASS CONTAINER sales in the U.K. last year totalled 6.546bn. units valued at £220.6m., the Glass Manufacturers Federation said yesterday.

This was a 5.6 per cent. increase in unit sales and gave the industry its best annual sales figures since the peak in 1973 when they reached 7.148bn. units.

Demand was very uneven last year. At its start about 20 per cent. of U.K. capacity was shut down, but after the hot summer imports moved up because of shortages of home-produced containers.

Sales to the dairy industry at 467m. units, up from 452m. in 1975, reflected growing demand for new lightweight pint bottles.

The buying spree ahead of the December mini-Budget helped to lift sales of wine and spirit bottles from 1.234bn. to 1.374bn.

Sales of beer and cider bottles fell from 357m. to 302m. units. This was caused by a fall in the demand for returnable bottles in bars as draught beers became more popular, particularly draught lager.

Sales of containers for no-deposit beers and ciders increased by 15 per cent. to 146m. units. It is in this sector that the federation has been attacking hard its main rival, the can.

Demand from the food industry improved, with 1.734bn. containers sold against 1.687bn., and, after a poor year in 1975, sales to the chemical and pharmaceutical industry recovered from 544m. to 598m. Demand in this sector continues high. The federation suggest that demand this year may increase by 2 per cent. to 6.64bn. units.

ICI joins car race venture

By John Griffiths

IMPERIAL Chemical Industries and Newsweek, the international news magazine, yesterday announced a joint venture into motor-racing.

A Chevron car in the livery of both companies will contest the 1977 European Formula 2 championship in the hands of two British drivers, Guy Edwards and Ray Mallock. It will make its first appearance at Thruxton on Monday.

Mr Hugh Miller, deputy chairman of ICI's European division, said yesterday that the sponsorship formed part of an intensified sales drive in Europe which will include exhibiting at the main European motor shows.

ICI sells to the British motor industry more than ten times as much polyurethane, plastics, paints and related products as it sells to the West European industry.

The championship will take the ICI-Newsweek car into seven European countries. The cost of the project has not been disclosed.

Tikkoo house sold to Saudi king for £3m.

By Joe Rennison

KING KHALED of Saudi Arabia has completed the deal to buy Kenstead Hall in Hampstead, north-west London, the home of Mr. Ravi Tikkoo, the shipping millionaire, for about £3m.

Estate agents Benham and Reeves said yesterday that the property had been sold to the King "for around £3m. for the use of his nephew, Prince Faisal, and the keys will be handed over to-morrow."

The prince is understood to have been given a personal tour of the house by Mrs. Tikkoo before he left London last week for the Bahamas because of what he considers the unfairness of the British tax system.

The King bought another home in Hampstead last week for a reported £1.8m. He is in this country recuperating after major surgery.

Mr. Tikkoo bought his house in 1973 for £500,000.

Law may come if hotel code is failure

By Arthur Sandles

HOTELS may soon be forced by law to display their room rates at reception desks, but for the moment the Government has chosen a voluntary code of conduct, which means participating hotels would tell travellers exactly what they are committed to, and try to avoid shocks over the final bill. It applies from June 1.

The move was welcomed by many organisations last night, but falls short of what many consumer groups urge.

Mr. Edmund Dell, the Trade Secretary, said in the Commons yesterday that there were plans "for the display in reception areas of maximum and minimum overnight charges, and discussions are being held with local authority organisations and others concerned with a view to introducing an Order in this Parliament to require such display."

Car test 'not tough enough'

THE NEW extended MoT test is still not tough enough, the Consumers' Association claims to-day in its Motoring Which? magazine.

There were still fundamental improvements to be made, and it suggests a national chain of independent test stations to conduct the test—and not ordinary garages.

The new amendments to the test are "clearly sensible" but it did not go any way towards solving "the unsatisfactory situation" the magazine highlighted six years ago—over half the cars submitted for test passed when they should have failed.

"We still believe an annual test is essential but we think the best way to bring about an effective test is to have a national network of independent test stations."

Until the standards of testing reach a uniformly high level, the MoT test was unlikely to play its full part in promoting road safety.

The magazine says the test still involves no dismantling and relies on what the tester can see or feel: the tester is not even allowed to take the hub caps or wheel trims off to check that the wheel nuts are done up.

Child safety

Motoring Which? also criticises car-makers for not paying enough attention to children's safety restraints.

Some manufacturers listed child seats in their accessory catalogues — but do not provide the necessary mounting points. The situation was "ludicrous."

Some car makers were tempted to fit the restraint in such a way that the mountings did not interfere with luggage space. Estate cars and hatchbacks are particularly criticised.

Moreover, childseats and harnesses do not have to meet the British Safety Standard.

By a "curious" legal loophole, a harness could be sold without being approved if the manufacturer did not claim it is a "safety" restraint.

"We are in favour of all devices designed for use in cars having to meet a safety standard," it adds. Parents are urged to use a special restraint for all children under 5 feet tall or weighing less than 80 lb.

The magazine concludes that child harnesses for older children are the least effective. The biggest problem is that children are able to wriggle out of them.

Guide to camp sites abroad

NEARLY 5,000 camp sites in 18 European countries are included in the 1977 Guide to Camping and Caravanning on the Continent, just published by the Automobile Association.

The guide is available to AA members at £2.50 (£2.75 by post), and from bookshops at £2.95.

Siege trial barrister becomes QC

MR. JOHN MATHEW, who prosecuted in the Balcombe Street siege trial is among 30 Queen's Counsel appointed to-day.

The list includes Miss Beryl Cooper, a former Conservative candidate and co-author with Sir Geoffrey Howe, of the book Equal Opportunity for Women, published by Conservative Central Office.

Another new QC is Professor Daniel O'Connell, fellow of All Souls, Oxford, and an authority on public international law.

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APPOINTMENTS

International Banker

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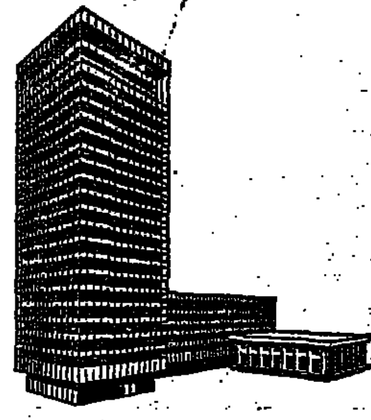

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LABOUR NEWS

Merchant Navy officers dislike package offer

BY NICK GARNETT, LABOUR STAFF

UNIONS *representing* Merchant Navy officers are unhappy with a pay and conditions package offered them yesterday by the shipowners.

The offer—the maximum within Phase Two of the incomes policy was made by the General Council of British Shipping at the Joint Officers' and Shipmasters' Panels. Union will draft a reply next week.

The main problem is not the pay offer itself, but the response of the shipowners to claims for higher fringe benefits.

This largely centres on the "nights on board" agreement negotiated at the end of last year's seamen's strike. The agreement gives cash compensation to officers who, while not officially working, are forced to stay aboard ship while in U.K. ports.

The General Council *has said* it will extend the agreement outside U.K. ports when incomes policy allows. But in the meantime the unions want time off in lieu as compensation, which the Shipowners say would be impracticable.

Union officials want improvements in other spheres, including leave.

A major stumbling block to early agreement is desired by some union representatives to wait and see what a possible Phase Three has to offer, and if desirable skip Phase Two.

A new pay deal is due on June 1, but Mr. Eric Nevin, general secretary of the Merchant Navy and Airlines Officers' Association, a main union in the negotiations, says unions want to be flexible on the date.

Rival unions clash over Laporte Industries

BY OUR LABOUR STAFF

OFFICIALS of the Association of Professional Scientists and Technologists are meeting management of Laporte Industries today following what the union calls "rapid deterioration" in its relations with the chemicals company.

Trouble hinges on APST fears *that it is losing* some negotiating rights to the TUC-affiliated Association of Scientific, Technical and Managerial Staffs. But it also claims that Laporte is trying to delay already-agreed salary increases of up to 12 per cent. that APST applied for on the grounds that the company paid national, technical and scientific staff below-average terms.

ASTMS, which already had sole bargaining rights for staff below department manager, says it made an agreement with Laporte this month for negotiating rights from department manager upwards.

APST sees this as a severe inroad into its sphere of influence.

Bank staff seek MPs' backing

BY OUR LABOUR STAFF

THE COUNCIL of Bank Staff Associations is asking MPs to support a Bill, scheduled to go through Parliament soon, that would allow the prosecution to appeal against a court sentence it felt was not severe enough.

The move follows the four-year suspended prison sentence imposed last week on ex-Guards major Thomas Hickman who carried out two armed bank raids during one of which he clubbed a bank manager.

The council has also written to the Lord Chancellor asking him to impress on judges that bank raiders, especially those using violence, should receive heavy jail sentences.

How the pay kitty can work

ALAN PIKE explains pros and cons of the new principle in bargaining

THE DEBATE on the shape of pay policy after the present phase expires continued yesterday against a background of increasing interest in "kitty" bargaining, following support for the principle from Mr. Albert Booth, the Employment Secretary.

Mr. Clive Jenkins reacted by seeing little merit in the principle, and complained that it would impose unnnecessary limits on companies which could afford to pay more.

But Mr. Frank Tombs, chairman of the Electricity Council, supported kitty bargaining as a way of moving pay negotiations back to the shop floor.

Mr. Jimmy Milne, general secretary of the Scottish TUC, said it was unlikely that the Government would achieve any sort of pay agreement for the coming year.

The attractiveness of the kitty concept, advanced by Mr. Booth when he addressed the Electrical Power Engineer's Association conference on *Tuesday, is that it would com*bine a degree of continued Government control over the level of pay increases with some of the much-needed flexibility to help solve individual anomalies.

Employers would be told the general percentage level by which the total wage bill could increase in the coming year, and it would be for management and unions in each bargaining unit to determine how the available amount should be distributed.

Unlike the flat-rate principle of Phase One and Phase Two, not every worker would *receive the same cash increase.*

This would, at least in theory, enable some problems of erosion of differentials which skilled workers have suffered to be tackled, although as Mr. Booth stressed, the kitty would not be generous enough to rectify all these difficulties in one go.

The kitty concept itself is not new. It was reflected in the element of flexibility under Phase Three of the last Conservative incomes policy. Indeed, in the eyes of many negotiators it will be seen as no more than normal bargaining, except that the Government would set an overall limit.

The concept would introduce problems in complicated areas such as, for instance, the *engineering industry about* how bargaining units should be defined, quite apart from the basic question of how the kitty should be distributed.

There would also be difficulties for the Government, under the present voluntary pay arrangements, of ensuring that its kitty limit was being observed.

White collar call for up to 34%

By David Churchill, Labour Staff

TRADE UNION negotiators representing 351,000 white-collar workers were given official union instructions yesterday to press for pay rises of up to 34 per cent. when the present pay policy expires at the end of July.

The instructions came from Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs in a circular to all its 9,000 branches throughout the U.K.

Mr. Jenkins said yesterday that the union's negotiators have been told that workers earning about £3,600 a year would need an extra 30.7 per cent., or £21.50 per week, to restore their earnings to pre-pay policy levels.

Dismissed

Workers on £7,200 a year, which include many ASTMS members, would need rises of £44.60 a week, or 33.9 per cent., to restore their differentials.

Such rises would be far above likely increases allowed under any new Phase Three of the pay policy, to which Mr. Jenkins is vigorously opposed.

Mr. Jenkins has also dismissed the latest Government suggestion of using "kitty bargaining" as a way round the problem of differentials by suggesting that "kitty bargaining is for tabby cats."

More seriously, he pointed out that setting a norm of 13 per cent., for example, for collective bargaining went against workers in those companies which could afford substantially more wage increases.

Power Council chief backs differentials

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT IN YORK

GOVERNMENT INTEREST in seeing local bargaining restored in the next incomes policy by means of the "kitty principle" was backed yesterday by Mr. Frank Tombs, new chairman of the Electricity Council.

He said there was a clearly emerging demand for restoration of differentials for skilled workers, and the next pay policy must recognise and satisfy it.

The British Leyland toolmakers, the Heathrow engineers and the power engineers in his own industry were all examples. There would be "plenty of others" over the next few months.

Mr. Tombs was speaking after an address to the Electrical Power Engineers' Association *conference in York.* He had told the engineers that it would be a mistake for them to use their considerable industrial power—they control the national grid—in pursuit of pay demands.

EPEA voted on Tuesday for a resolution which could tie their negotiators to a pay claim of up to 14 per cent., well over the Government's target, next winter, with the possibility of industrial action in the background.

The same day Mr. Albert Booth, the Employment Secretary, had publicly declared Government interest in the kitty principle as a way of containing the growing shopfloor revolt against the social contract. He too had addressed the EPEA delegates.

Mr. Tombs, making his first speech as chairman of the Council, said he understood the attractiveness of kitty bargaining for the Government. He supported it because "it is the right sort of concept, since it moves bargaining to where it ought to be, that is the shop floor."

But it was not as easy as the Government might *like to think* for uinons to agree on a fair share-out

He estimated that electricity tariffs would be raised by about 3 per cent. if all 190,000 workers in the industry followed EPEA's likely demand for rises of 11 to 14 per cent.

In his speech to the delegates Mr. Tombs appealed to the engineers to maintain their traditional sense of dedication

EPEA's overtime ban in the winter of 1973, which disrupted supplies, had been a mistake. It would prove a mistake again.

"Possession of great power when generally recognised by employers and customers is better not invoked as an industrial weapon, and I hope that it will never again be necessary for your association to cast aside the traditions of service which have characterised our industry throughout the century."

Mr. John Lyons, EPEA general secretary, said Mr. Tombs was bound to remind the union of its responsibility.

"We are conscious of our power and are jealous that it should not be misused. It will not be misused.

"But other people have the responsibility to take into account the union's legitimate interests."

Miners' bid to squash pay talks

By Ray Perman, Scottish Correspondent

By Godfrey Grima

AN ATTEMPT to squash negotiations between the Government and the unions on a third round of pay policy before they start will be made by the miners at the annual conference of the Scottish TUC later this month.

A motion, to be moved by Mr. Mick McGahey, president of the Scottish area of the National Union of Mineworkers, calls for opposition to any incomes policy which aims to regulate wages through interference from any source.

Although votes of the STUC cannot bind the TUC at national level, the conference has been used in recent years by national *union leaders as a chance to* make known their opinions before the detailed bargaining opens with the Government.

Opposition to the miners is likely to be led by the Transport and General Workers Union, which has put down an amendment calling for an element in any new policy to restore differentials and remove anomalies. It also calls for an improvement in basic rates to help the low-paid, consolidation of flat-rate payments from the first two years of pay *restraint into basic* rates, so that they count for overtime and bonus calculations, incentive and productivity schemes, and measures to offset unemployment.

If passed this could form the basis for a new pay deal.

Babcock drops out sadly but with £2m. profit

NEWS ANALYSIS

The Herbert Morris battle

by KENNETH GOODING

BABCOCK AND WILCOX yesterday sadly withdrew from the battle for Herbert Morris, collecting, with a deep sigh, some £2.1m. of profit on the sale of shares it bought only seven months ago. Babcock wanted Morris, not the cash.

It is worth reflecting that only once in its 92-year history has Morris, a group involved in the rather unexciting business of making and servicing cranes and other lifting gear, produced an annual profit of more than £2m.

For many industrialists, the Herbert Morris saga illustrates what they consider to be one of life's major injustices: quick and easy profits are available to the City wheeler-dealers, while the manufacturer has to get down to a great deal of hard graft to produce the same kind of money.

Certainly some Morris shareholders have done very well out of a situation which has hardly stopped fizzing for 15 months. At the low point last year, their shares were worth only 40p each, and you could have bought Morris for £1.6m.

Four bids and two Monopolies Commission reports later, shareholders are being offered 277p a share, and Morris is priced at £9.3m.

What is it about Morris which has caused so much excitement? In a word: assets. Morris has until recently presented a classic case of a company fairly rich in assets which were not fetching a reasonable return.

There are two approaches to this problem. You can inject new management talent, and make sure that the company's profitability reflects its underlying value. Alternatively, you can buy the assets at the knock-down price represented by the stock market value, and sell them off piecemeal for a profit.

Morris attracted attention from people interested in both approaches. What set the sparks flying is that they all appeared on the scene at roughly the same time.

The crucial year for Morris was 1970. After a period when its performance had been relatively unsuccessful, it plunged into losses, £44,000 against a £200,000 profit in the previous year and a peak of £375,000.

At that stage, an American organisation, Pacific Holdings Corporation, approached the Morris family, who owned 40 per cent of the ordinary shares, and suggested they sell out. Ostensibly, Pacific knew the crane business in the U.S., and the idea put forward was that it could provide the know-how and support to put Morris back on its feet.

In the event, a 30 per cent shareholding went to the Americans and was passed to their British associate company, E. and H. P. Smith.

Then, in 1972, Smith became a subsidiary of Bryanston Finance, the master company of financier Mr. Teddy Smith. E. and H. P. Smith's name was changed to Amalgamated Industrials.

The reaction of the new Morris management team to the arrival on the scene of Mr. Smith and his associate, Mr. Per Hegard, was summed up in a subsequent Monopolies Commission report: "It is not possible to ignore the widespread distrust of Mr. A. T. Smith and Mr. P. C. Hegard which stems from an impression that, in their business activities, they are interested primarily in making quick financial gains," said the Commission.

Having acquired the 30 per cent stake, Bryanston, via AI, made an offer for the rest of the Morris shares. This was merely a formality as required by the Takeover Code. The Morris shares were standing at 96p at the time of this bid in 1972, and the book value of the assets was equivalent to 142p a share.

The bid failed. But the way was open for AI to continue to buy shares in the market to take its holding up to 40 per cent, for, until it controlled 40 per cent, it would not be required by the Code to make another bid.

While all this was going on, the management of Morris was being radically reshaped. In 1969, Mr. Pat Robinson became chairman of Morris. He was previously chief executive of Rio Tinto Mining Company of Australia (1950 to 1961) and then a director of Rio Tinto in the U.K., and later of merchant bankers Kleinwort Benson.

He recruited Mr. Pat McTighe, first as marketing director and later to become group managing director. He trained as an engineer and was chief commercial officer at the UK Atomic Energy Authority before he joined Morris.

As his deputy, in came Mr. Alan G. Schroeder, a Cambridge-trained engineer and a man with wide commercial experience in management. He joined from the Williams and Williams group, where he was managing director.

This rather remarkable team set about restructuring Morris from top to bottom, turning what had been an old-style "family" company into one with international objectives.

With impeccable timing, AI made another bid in November, 1975. Once again, it did not look particularly serious in that shareholders would hardly be likely to accept the terms. However, the Morris Board was worried because, once the bid lapsed, there would be nothing to stop AI building up its stake —by now just under 40 per cent. —into a controlling interest.

The management and the unions at Morris were able to make out a strong enough case to interest the Office of Fair Trading, which referred the AI bid to the Monopolies Commission.

In May last year, the Commission produced its report which said that any merger between Morris and AI would be against the public interest. It suggested that *AI should sell enough* Morris shares to bring its holding below 10 per cent.

Mr. Smith made it clear that he believed the Commission had overstepped its authority in insisting that the Morris shares be sold.

The controversy rumbled on until September. It was resolved when AI sold its Morris shares to Babcock and Wilcox for £1.5m. or 120p a share, giving Mr. Smith a comfortable profit.

Babcock bid for Morris. The Office of Fair Trading stepped in again, and instructed the Monopolies Commission to investigate.

This investigation resulted in what might be described as a "hung jury." Three of the five Commission members said that the proposed Babcock-Morris merger would be against the public interest. Two said it would not.

The judge, in the person of Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, *dismissed the case, and said there* were no grounds for further intervention. However, the Government decided to look again at the Fair Trading Act, 1973.

Suddenly in stepped Hawker Siddeley, whose Brush Group subsidiary is a neighbour of Morris in Loughborough, bidding 245p a share, and presenting shareholders with the first offer to have the backing of the Morris Board. But Hawker was not the mysterious "third party" the Morris directors had suggested was interested in their company.

The identity of this group was finally revealed yesterday, only six days after the Hawker bid. It was Davy International. The price offered, 277p a share. In one month, the market price of Morris had jumped from £4.9m. to £9.3m.

The Morris shareholders must surely be satisfied. By all accounts, the Morris management and union representatives are happy. So the story had a happy ending for everyone except poor Babcock, which must content itself with a hefty share-trading profit.

COMPANY NOTICES

PARLIAMENT

As MPs prepare to adjourn for the Easter recess, **Rupert Cornwell** presents his end-of-term report

Seven days was once a long time in politics

HAROLD WILSON'S aphorism that a week is a long time in politics stands in need of urgent *revision*. *To judge by events* since the Queen's Speech last November, the classic definition of political permanence should be shortened from seven days to two or three.

This afternoon, at 4 p.m., those MPs diligent enough to have hung around until the final whistle will be able to go home, savouring the anticipated pleasure of a 12-day Easter recess during which, it may be confidently predicted, the Government will not fail. That is more than can be said for the bulk of the last four months, which even veteran Westminster watchers concede has been among the most disaster-strewn and exciting in memory.

Much, of course, has to do with the simple (if that is the right word) *arithmetic of the Palace* of Westminster as the place tries to adjust to "agreement" if not "coalition" Government. Back in November, Labour enjoyed a luxury it will almost certainly never again possess in the life of this Parliament, a majority of two over *all other parties.*

By *mid-February* and the death of the Foreign Secretary, Mr. Anthony Crosland, the advantage had disappeared. When the Conservatives retained their rock-solid seat of the City of London and Westminster South on February 24, the Government was in a *minority* of one for the first time. The Stechford debacle made it two and the resignation the week of Mr. David Marquand brought the total, for the time being to three. And it is probably only the *freakishly low* number of by-elections since October, 1974, that has kept the Government benches as well populated as they are.

Terry Kirk

Mr. Callaghan has come through some of the most hectic months Parliamentary observers can recall.

First cracks

As its Parliamentary position worsened, so the day-to-day thrills in the House of Commons multiplied. At the beginning, events were largely offstage: the tortuous deliberations of the Cabinet on the terms of the IMF loan, and the long-rumoured but no less dramatic resignation of the Overseas Development Minister, Reg Prentice, stranded on the far right of his party and all but disowned in his constituency. Even the first big vote on devolution, after the second reading debate, was successfully weathered by the Government, although the defections from its own side served warning of the earthquake to come.

It was not, in fact, until February that the Parliamentary edifice came crashing down, given, it must be said, a helpful shove by the sheer ineptitude of Labour's own business managers. On February 7, the first cracks appeared as, for the first time in most people's memory, a Government lost a Bill on second *reading—the main vote on the* principle of a measure—with its 140-139 defeat on a measure to cut redundancy rebates.

That Bill has since been successfully re-introduced, with the minor cosmetic changes required, but the message was plain. Within a fortnight, the whips had managed another, and this time colossal, miscalculation as they failed to gauge the size of the rebellion on Labour's backbenches against a timetable motion to curtail debate on the detailed *committee stage deli*berations on devolution. The guillotine was lost by 312 votes to 283 as more than 40 Labour MPs either voted with the Conservatives or abstained.

Mr. Callaghan affected unconcern. There were forecasts that with the centrepiece of its legislative programme in fragments, the Government could survive quietly as long as it wished by keeping its head down and doing nothing to upset anyone. The calm lasted just three weeks, an interlude marked by the Government's climbdown in *the face of the combined forces of* Tory opposition in the Commons and Lords, and sundry "hybridity" experts, when it agreed to drop ship repairers from its long-fought Bill to nationalise the aircraft and shipbuilding industries.

What everyone had overlooked, however, was the fact that the Government had lost not only devolution, but the tacit backing of the Scottish and Welsh Nationalists.

On March 17, it funked a vote *on its public expenditure White* Paper only to lose a technical division forced by the Scottish National Party by 294 votes to nil. Mrs. Thatcher had no choice but to put down a no confidence motion and the rest is well known: the Government's pact with the Liberals and its victory in that crucial division. Then the Budget, followed within 48 hours by the debacle at Stechford as the Tories won the seat with a 17.5 per cent. swing, and *finally* the Liberal dither over whether to vote against provisions for a higher petrol price.

In the event, they abstained and Mr. Callaghan lives on, arguably in a stronger position to-day than in November. Then, a fashionable theory was that his Government was, like Mr. Attlee's in 1951, gradually losing its will to govern. To-day, the reverse is more true and, on the admittedly risky assumption that the Liberal deal holds, there seems, on the face of it, no reason why the Prime Minister should not soldier on for a year or more. But that is where the amended Wilson doctrine comes in, for rarely can prevailing political opinions have veered so sharply and so often in so short *a time.*

Soldier on

The loss of devolution at first seemed a deadly blow, then merely a salutary warning. Less than a month later, *in the run-up to the confidence vote,* it really looked for an instant as if the Government might lose and a general election be forced.

The Liberal pact, coupled with Mrs. Thatcher's speech in the debate, transformed fears of imminent and certain electoral defeat into dreams of triumph on a chosen day in 1978 or even 1979. The restrained and cautiously praised Budget of Mr. Healey on March 29, if anything, reinforced that feeling. But two days later, Stechford's crushing *indictment* of the Government transformed everything once more, and the Opposition leader talks openly of an autumn election.

In a fitting epitaph to the term, yet another defeat came in practically the last vote of all on Tuesday over the *number of* teacher training colleges in Scotland. That time, though, it was barely front page news as the resigned "win some, lose some" philosophy has been forced upon a minority administration.

Surely the summer will be less fraught. But who can tell? Devolution might yet be resurrected, and even if it isn't, the issue of direct elections to Europe will be a more than adequate substitute as a divisive constitutional measure. More than a few Parliamentary dust-ups are all but guaranteed, even if the issue is not one to provoke the general election.

But nothing, least of all in this Parliament, can be counted certain and even the noisiest prophets have been reduced to *something approaching silence.*

Tory attack on Silkin rejected by Minister

By John Hunt, Parliamentary Correspondent

MR. JOHN DAVIES, shadow Foreign Secretary, came in for Labour criticism in the Commons yesterday over a speech which he made in Brussels attacking Mr. John Silkin, Agriculture Minister for the strong stand he has taken against proposed increases in EEC agricultural prices.

According to Mr. Douglas Jay (Lab. Battersea N.), a leading anti-Marketeer, it was yet *another example of the Conser*vative Party promoting the interests of all countries except its own.

Mr. Frank Judd, Minister of State for Foreign Affairs, said that if we wanted anything positive to come out of the Community, we had to face up to the basic interests which were at stake. "Any tendency to sweep under the carpet large and important national interests might well prove counterproductive in the longer term," he warned.

Mr. Davies intervened to confirm that Mr. Jay's account of what he had said in Brussels was substantially correct. "I consider with many of my Right Honourable friends that the Minister of Agriculture has severely *damaged British interests in the* Community," he declared.

But Mr. Judd retorted that he could not allow this statement to go unchallenged. He said that Mr. Silkin had merely pointed out, in unqualified terms, that fundamental British *interests* were at stake. *If* we were to have a Community which was viable, we had to face up to these issues.

Mr. Judd was reporting back to the House on the meetings of Foreign and Finance Ministers and of the Foreign Ministers Council in Luxembourg on Tuesday.

He said that in Luxembourg there had been general agreement on the need to contain agricultural spending in the Community and to concentrate more resources on relieving urgent *social needs, especially unemploy*ment.

Restrict

Mr. Judd confirmed that it had also been decided at the talks that a renewed effort must be made to break the deadlock over Community fishing rights in Icelandic waters. An EEC delegation would visit Reykjavik to discuss the whole question of fisheries agreements between Iceland and member States.

In the talks, Britain would not be adopting an attitude of threats or aggressive postures. We would be taking part in a spirit of constructive friendliness.

"But we are going to be firm. We have to remember that we were getting 172,000 tons of fish largely cod, from these waters. Now we are getting none," he added.

The Minister also said it had been agreed that countries fishing in Irish waters should submit fishing proposals to be examined by the European Commission and the Irish Government. This followed Ireland's threat to restrict fishing by bigger boats in their waters.

Mr. Davies welcomed the statement about Iceland but said that many in the House were apprehensive about the failure to reach a conclusion on the inshore fisheries question and this was causing fishermen a great deal of anxiety.

Mr. Judd assured him that Britain was committed to work for an effective Common Fisheries Policy.

"If this is to be successful, it will have to take into account the very special needs of the British fishing industry and the disproportionate contribution made to the Community from the fishing grounds of the U.K." the Minister added.

For the Liberals, Mr. Jo Grimond said that there had been reports that Britain had reached an agreement with Norway under which herring could be caught up to 12 miles from the British coast. Mr. Judd replied that negotiations were not complete and he knew of no positive grounds for supposing the reports to be true.

Future debates

COMMONS business after the Easter recess will be:

TUESDAY (April 19): Debate on the army.

WEDNESDAY: Opening of debate on White Paper on direct elections to European Assembly.

THURSDAY: Subject for debate to be announced: motion on EEC documents on food labelling.

FRIDAY: Private members' Bills.

MONDAY (April 25): Conclusion of debate on direct elections.

Lords business is:

TUESDAY (April 19): Criminal Law Bill, third reading; Water Charges Equalisation Bill, second reading.

WEDNESDAY: Debates on the Post Office and the present state of the Public Records.

THURSDAY: Statute Law (Repeals) Bill: motions on diplomatic immunities and European Patent Organisation; Merchant Shipping (Safety Convention) Bill, committee; Deer Bill committee.

Shore plans £1bn. outlay to develop inner cities

BY IVOR OWEN, PARLIAMENTARY STAFF

A SWITCH of *emphasis* in Government policy announced in the Commons yesterday by Mr. Peter Shore, Secretary for the Environment, as part of a £1bn. 10-year programme to help the inner cities could halt the exodus of commerce and industry from London.

Mr. Shore envisaged a change of direction for the Location of Offices Bureau (LOB) after its years of effort to persuade firms to give up high cost premises in London in favour of more economic accommodation in less congested parts of the country.

He saw the new role of the LOB as being far more concerned with looking at the contribution it could make in office development to help the inner city areas, including the inner areas of London.

While insisting that there was no question of the Government abandoning its regional policy objectives, the Secretary of State said it was intended that after regional needs had been considered, inner city areas should have the next preference in the administration of the industrial development certificate system.

Explaining the need for a new direction in urban policies, Mr. Shore stated that over the past decade inner cities had suffered a massive disproportionate loss of jobs and a major exodus of population. "We must check, and where possible halt, the decline of the inner areas."

He named the strengthening of the economies of the inner areas as the immediate priority. "Subject only to priority for regional policy, suitable firms will be encouraged to establish themselves in the inner areas of major cities.

"We shall introduce legislation to enhance the powers of local authorities with serious inner area problems to enable them to assist industry and to *designate industrial improvement areas*. We shall encourage local authorities to give more consideration to the needs of industry, particularly of small firms, in their planning policies."

To facilitate the re-casting and expansion of the urban programme Mr. Shore told the House expenditure would be increased from the present level of under £30m. to £125m. a year in 1979-80.

"I hope it will be possible to increase it further in later years", he stated. "Our intention is that this will form a continuing commitment of around £1bn. over the next decade."

The Government proposed to offer special partnerships to the authorities, both district and counties, of certain cities. This would involve the joint preparation of inner area programmes in order to secure a *coherent across-the-board* approach. Urban grants would be paid and related to these new inner area programmes.

Mr. Shore announced that partnerships would be offered to Liverpool and Birmingham, to Manchester/Salford, and in London to Lambeth and Docklands authorities who were ready to start a major programme of urban renewal.

The Government would consider proposals for partnerships from other authorities with major inner area problems, but it would be necessary to limit strictly the selection if the best use was to be made of the extra resources.

A White Paper would be presented to Parliament.

From the Opposition front bench, Mr. Reginald Eyre claimed that only a "modest transfer" of funds to the urban programme was involved in the proposals announced by Mr. Shore. With the £100m. over two years allocated by the Chancellor, they were trivial amounts against the background of the enormous problems affecting inner areas.

The Opposition understood the difficulties with capital expenditure but there had been a particularly disappointing response by the Government to the suggestion that commercial and industrial assets in new towns should be sold off and the money used for urban areas so as to avoid further recourse to public borrowing.

Councils to gain more flexible housing powers

FINANCIAL TIMES REPORTER

A CIRCULAR giving local authorities greater flexibility in drawing up their capital housing programmes is to be issued shortly after Easter by the Department of the Environment.

The new arrangements will fall into four major capital expenditure groups — housebuilding, *acquisition of houses*, improvements of local authority houses, and slum clearance; grants for improvements and loans for house purchase; and loans to housing associations.

Details of the new *circular* were announced to MPs last night by Mr. Peter Shore, Secretary for the Environment.

The changes will begin during the current financial year and Mr. Shore said local authorities would be given "much greater flexibility" in deciding what capital expenditure on housing to undertake within their overall capital allocations.

Road haulage plea

CONSERVATIVE MPs yesterday urged the Government publicly to abandon the Labour Party's manifesto commitment to nationalise the road haulage industry.

The appeal was led by Mr. Evelyn King (C., Dorset S.) who pointed out that road haulage was now the only form of inland transport which required no subsidy, but was the subject of uncertainty because of the 1974 manifesto promise.

He was supported by Mr. Roger Moate, from the Conservative front bench, who argued that, if it was no longer Government policy to nationalise the industry, it was the duty of Mr. William Rodgers, Transport Secretary, to remove the threat.

Mr. Rodgers refused to be *drawn and said that the road* haulage industry was doing reasonably well both in the public and private sector. He added that he would like to see more freight carried by rail and told MPs they should await the publication of the transport White Paper scheduled for the end of May.

Charges code for holidays

A NEW CODE designed to inform holidaymakers of the total charge for their room and breakfast and whether any other meal is included in the booking, was announced by Mr. Edmund Dell, Trade Secretary, in the Commons yesterday.

The code, which is voluntary, will be introduced in time for this year's holiday season in establishments with four or more guest rooms.

Finance Bill

THE GOVERNMENT is to publish its Finance Bill implementing the Budget on Tuesday, April 19—the day MPs reassemble after the Easter recess.

Written Answers

TREASURY

Mr. Tony Newton (Con., Braintree). What would be the respective revenue costs of allowing (a) all widows and (b) employed or self-employed widows an additional personal tax allowance equal to half the difference between the single person's allowance and the married man's allowance?

Mr. Robert Sheldon, Financial Secretary. The estimated cost of an additional allowance of £210, which is half the difference between the single and married person's allowances proposed for 1977-78, would be about £50m., if given to all widows, or £27m. if given only to employed or self-employed widows. If those already receiving the additional personal allowance were excluded the costs would be some £5m., and £4m. lower.

Mr. Bryan Gould (Lab., Southampton, Test). What proportions of the inflation rate in 1976 were the result, respectively, of: (a) increases in wage costs, (b) increased profit levels, (c) increases in prices of imported food and raw materials, apart from the depreciation of the £ sterling, (d) increases in prices of imported manufactures and semi-manufactures, apart from the depreciation of the £ sterling, (e) increases in (c) and (d) as a result of the depreciation of the £ sterling and (f) other factors; and what are the equivalent figures forecast for 1977?

Mr. Joel Barnett, Chief Secretary. The RPI increased by 15 per cent. over the year to the fourth quarter of 1976. There is no precise method of attributing this increase to its component factors because of the difficulty of accurately establishing both appropriate weightings and the time taken for each factor to feed through into the price level. But the Treasury forecasting model would suggest that, in terms of proximate causes of inflation, very roughly a third of the 15 per cent. might be attributed to wage cost increases; about a half to import price increases (of which depreciation accounts for rather more than half); and the remainder to rents, rates, taxes, subsidies, profit margins and the 1976 summer drought. Equivalent figures for 1977 are not available since it is not Government practice to publish forecasts for the exchange rate.

Advertising and...

Motorcraft's European target

BY MICHAEL THOMPSON-NOEL

FORD OF EUROPE is launching its first international television campaign for Motorcraft replacement parts, using work by Lintas London which is acting as co-ordinating agency for 15 European countries — Motorcraft's headquarters are in Cologne.

Apart from running for three months in the U.K., the Lintas commercial is also about to be used in Italy, Switzerland and Portugal, and discussions are continuing in other European countries.

Still on the Lintas automotive front, the new service launched by Unilever Computer Services—*Computacar*—has just begun advertising in the London TV area where it plans to spend £½m. The basic idea is that anyone wanting a used (or new) car rings one of the Computacar telesales girls who tells them free of charge, which dealers have the make and model they want. The dealers pay for the service at a relatively small additional cost to their normal advertising budgets.

The success of this venture, which has already proved a considerable hit in the Manchester area, is such that within 24 hours of the first two TV spots appearing on Thames, the telesales girls received more than 800 inquiries.

In common with a great many agencies, Lintas is enjoying the fruits of increased advertising expenditures. Between 1975 and 1976, its billings improved by £2.5m. to £14.5m. Last year its gross income was 28 per cent. up on 1975, comfortably outperforming the IPA average for the top two dozen agencies. For 1977 Lintas chairman Tim Deneby is expecting a rise in income of around one fifth.

● REMEMBERING LAST summer's record drought, Geoff Unsworth, marketing manager of the Coca-Cola Export Corporation, U.K., remarked recently that he'd "go mental" if ever expected to gear his bottling arrangements to the perfidy of English weather.

Yet the last two sweltering summers did nothing to hinder Coke, nor nothing to daunt Colman Foods' Robinson's Soft Drinks which entered 1977 as brand leader in the concentrated soft drinks market for what it says was the seventh consecutive year.

Over the past two years Robinson's has made great strides both in terms of gallonage and market share. Its 1975 volume sales were more than 27 per cent. up on the previous year, with the market growing by 12 per cent.; last year Robinson's pushed its volume up a further 20 per cent. over 1975.

This year the Robinson's brand will be supported by a muscular marketing budget, above and below the line, of around £1.5m., the biggest part of which will go on a national television campaign using two new 45-second films on sporting themes which starts this month and runs through the summer.

The company's sales promotion strategy will be tailored to the varying needs of the brand across the year. The first promotion, designed to capitalise on the winter consumption peak for Barley Waters, is built around special racket sports stamps being issued by the Post Office: *Robinson's is a major sponsor of* racket sports.

Over the past 24 months the market has been dominated by own labels, which now account for around 40 per cent. of sales.

● W. S. CRAWFORD has been appointed by Max Factor to handle its entire cosmetics account in the U.K., worth approximately £1m., with effect from July 1. This means that Max Factor has now parted company with Foote, Cone and Belding after a relatively short acquaintanceship of just over a year.

The move follows what Max Factor describes as a successful three-month working relationship with Crawfords on a new product launch for Rapport, a major entrant in the fragrance market, which is being launched next month with unprecedented support. Crawfords won the Rapport account, to be supported in the U.K. with a £500,000 budget, in competition with FCB.

● BRITISH-AMERICAN Tobacco has appointed David Williams and Ketchum to handle 555 International cigarettes. The account, worth an estimated £350,000 upwards, was formerly with Bates. Advertising is scheduled for international media.

● CARNATION is spending £250,000 on a national TV campaign for Slender, the brand-leading slimmers' meal replacement, whose sales to the end of February were a third up on last year following a determined winter campaign.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

One king-size headache after another

STUART ALEXANDER surveys the problems crowding in upon the tobacco companies

THE SPRING and summer of 1977 may well prove historic for the marketing departments of Britain's cigarette manufacturers. At a time when there is already a fierce internal struggle for market share, outside forces have opened a loud campaign to an extent that an industry that had previously been rather defensive in public has had to switch to the attack.

Throughout last year the main companies, W. D. and H. O. Wills and John Player, owned by Imperial; Gallaher, owned by American Brands; and Carreras Rothmans, owned by Rothmans International, fought an unrelenting price war, with particular emphasis on the fast-growing king-size sector.

Expenditure was heavy both above and below the line, with the launch of John Player King Size generally reckoned to be one of the most expensive ever seen.

Although this established Imperial in the king size market, the total result last year was a drop of over 3 per cent. in the sale of tobacco by weight and a fall of 1.5 per cent. in the number of cigarettes sold. The apparent inconsistency is accounted for by the switch to smaller, filter cigaretes.

However, the trend as far as the companies were concerned was not all bad. Faced with the prospect of a new tax system on cigarettes from January 1, 1978, which would favour larger cigaretes, the speedy growth in sales of king size cigarettes was almost essential — hence the willingness of Player to pay a high price for a niche and the consternation at Wills as they waited their turn.

At the bottom of the problem, as now, was the old U.K. system of taxing tobacco, which was based on the weight of leaf drawn from bond. In future the tax will be on the finished product and levied in the form of a specific amount on each packet, plus a proportion of the retail selling price, plus VAT. The higher the specific element the smaller the differential between different sizes of cigarettes.

In the past three weeks there have been three additional complicating factors. These, in order of appearance, were the renewed and vocal campaign of the anti-smoking lobby, the imposition of a *further 4p a packet on* cigarettes in the Budget, and the clearance by the Hunter Committee of the use of cellulose substitutes and flavour additives.

The first would seem at first to be the most damaging but there is an equal likelihood that a previously worried public could become first irritated and then progressively stubborn about exhortations from above coupled with the threat of legislation to curb smoking in public.

This week saw the publication of a Commons Expenditure report on preventive medicine which calls for a complete ban on all cigarette advertising and annual tax *increases to deter* smokers, particularly the young. At the same time one of the members of the committee said that he thought the cigarette companies should be taxed out of business, a stance which would lose him a lot of moderate support.

The Budget increase is more likely to inflict long-term damage as sales always fall away after a price rise and recently they have never fully recovered. The only small benefit that could occur is that large stocks of cigarettes with coupons, which have been hit by the non-coupon price war, could now be released at a discount of at least the 4p increase in order to clear them.

In his Budget speech Mr. Healey prefaced the imposition of the extra 4p by saying that there were compelling health reasons for doing so. At the same time he left cigars and pipe tobaccos alone, arguing, in the case of pipe tobacco, that an increase would hit old age pensioners.

He might also have said that an increase on cigars would only make worse a situation that has seen one of the major U.K. factories at Ipswich put on to short time as sales have fallen. Any argument that people do not inhale cigars is becoming less and less valid as the majority of people who take up cigars do so as an alternative to cigarettes, and if ever anyone decided to produce a tar and nicotine delivery table for cigars, a few eyebrows would be raised.

Coupons have been hit hard in the last six months—Player announced this week that it is withdrawing them from Carlton and Gallaher from the whole of the Silk Cut range—as the public has shown a marked preference for saving money rather than collecting gift coupons.

However, probably the most difficult factor in the marketing man's muddle at the moment is the introduction of cigarettes at the beginning of July containing either New Smoking Material, developed jointly by Imperial and ICI, or Cytrel, developed by the Celanese Corporation of America with some financial involvement on the part of both Gallaher and Rothmans.

For some time now there has been a steady switch to low tar brands, particularly among ABC1 smokers, following a trend that has been set in the U.S. There the switch to "single digit" smoking, that is cigarettes which deliver less than 10 milligrammes of tar, has now reached such proportions that they are likely to take over 20 per cent. of the market this year.

In the U.K. they take between 7 and 8 per cent. but the manufacturers hope that the launch this summer of the new products will expand that market by at least 50 per cent., rather than see a simple redistribution.

Cigars: some enjoyment from the Budget

KING SIZE MARKET

	%
1975	9.1
1976	13.6

1976 BY QUARTER

	%
Qtr. 1	8.3
Qtr. 2	11.5
Qtr. 3	15.6
Qtr. 4	18.7

COMPANY KING SIZE SHARES

	1975 %	1976 %
Gallaher	57	46
Imperial	11	27.2
Carreras Rothmans	30	24.5

TOP KING SIZE BRANDS

	1975 %	1976 %
Benson & Hedges	50	39
John Player K.S.	—	16.6
Rothmans King Size	17	16.5
Silk Cut K.S.	5.5	5.9

Promotion is likely to be heavy, to the benefit of newspapers and magazines. The industry already spends heavily with the Press and on posters and hoardings. According to MEAL estimates, £23.9m. was spent on cigarette advertising in 1976. Cigars, which have not fared so well, took a further £3.5m., a level of support which is likely to continue.

Undoubtedly there will be a very high trial rate of the new cigarettes and the advertising campaigns have already begun to prepare the public for the launch date, which is generally expected to be July 1.

At the same time the king size war is likely to continue. As the packet price has now gone through the 50p barrier there may be an element of consolidation before the next push ahead on January 1, 1978. Certainly it is expected that the pace of the switch to king size will now be slowed.

There is also likely to be some rationalisation among the brands, particularly the smaller cigarettes. And the packet of ten, already very much in decline, will be hard to justify financially. Undoubtedly there would be some dismay in the anti-smoking lobby if packets of ten were to disappear completely but the cost of producing them could mean that it will be very difficult to sell them economically at half the cost of a packet of 20.

The unknown quantity par excellence, however, is the possible intrusion of the Americans and Europeans. With the clearance on flavour additives, the British industry has been caught with its back relatively unprotected.

Although some work has been done in this country, the Americans are well ahead and the argument that the British do not like American flavour cigarettes can look a little frail if low-tar cigarettes with an acceptable flavour additive can be produced. Philip Morris already has a distribution network painfully built up in the U.K. for its Marlboro and Virginia Slims brands and it has in America a very successful product in Merit, which is low-tar and flavour-boosted.

Other cigarettes are available in West Germany and Switzerland which can be brought into this country now that the ban on additives, as long as they are on the approved list of 370, has been lifted. Previously the ban was imposed because of a duty problem. *Customs would* have found it hard to charge by weight if that weight was being increased by additives. Until now the only permitted addition was water.

The one major factor that might deter the outsiders is that the U.K. market is still contracting and has at the same time shown remarkable loyalty to the taste of Virginia tobaccos.

Whatever happens, the shape of the U.K. market will be different at the year's end and Imperial, with 66 per cent. of the market and much of it based on its smaller cigarettes, will undoubtedly be prepared to use its muscle to protect its position.

In a month's time the flurry of the Budget should have calmed down and the companies will then be free to turn their attention to the next volley from the Royal College of Physicians, due round about then and expected to be the strongest condemnation yet of the hazards of smoking.

Does advertising planning work?

BY RODNEY HARRIS

IN THE BEST traditions of Cambridge University, the Media Research Group's recent seminar at Corpus Christi, under the title "*The Role of Research in Media* Planning," combined the best of the academic and the pragmatic.

Three themes, unpremeditated by the organisers, emerged:

1. Are planners sufficiently au fait with changes in the media scene?

2. Are planners sympathetic to the creative content and the ensuing media implications of advertisements?

3. Are they accountable in terms of the effect of advertising on brand sales and profits?

The first theme was most forcefully expressed by that scourge of planners, Ron Rimmer of McCann-Erickson, who demanded: "Why do agency planners take such little interest in TV research?" TV, he argued, is now probably far more selective of minority audiences than most planners realise.

This reminded us of the earlier accusation by Tony Taylor of Audits of Great Britain that agencies make inadequate use of the AGB Audience Composition Reports. In doing so he skilfully tacked between the Scylla of disinterested edification and the Charibdis of hard selling.

Conventional wisdom decrees that to reach the light viewing ABC1s on ITV, buy adjacent to News at Ten. Some programmes, however, can do much better. Analysis of Audience Composition Reports in London during February shows that while ABC1s on average accounted for 33 per cent. of all ITV viewing, they accounted for 34 per cent. of viewing of News at Ten but 42 per cent. of Another Bouquet (the even more neurotic, middle class son of Bouquet of Barbed Wire).

The second seminar theme, that media people should extend their conventional media definitions of the target audience by getting close to the creative strategy, *away from numbers* and into words, was voiced by Bob Jones of Samuels Jones Isaacson Page.

"Seek an involvement with advertising research," he reasoned, referring to group discussions and similar creative techniques for deciding who we *should reach and what we should* say to them.

Media-creative harmony was exemplified by John Billett of Allen Brady and Marsh, within what one might think the limited scope of poster media. Posters differ from all other media in that there is no editorial surround to attract an audience. The audience to a poster, he claimed, will depend on its creative noticibility—the extent to which it changes the passer-by's environment to force his attention. *He quoted the* "*Don't* take your car for a drink" ad. posted over a major car park as hot site selection and the American "Quick-Elmer's Glue" with part of the poster appearing to peel away as a vivid way of involving the reader.

The third theme was declaimed not by a speaker but a delegate. Alan Smith of IPC Magazines, who grabbed attention by demanding that we start spending substantial sums of money on researching how advertising works. Furthermore he argued that this was the responsibility not of advertisers but of media houses, who stood most clearly to gain from the wise long-term investment of advertising budgets.

When the advertiser with one of the largest research budgets in the U.K. told us that each delegate present was contributing to this budget (if indirectly, through taxes), we all wanted to hear our money's worth. Nick Phillips did not disappoint us. Here are just two of the many examples of the way the Central Office of Information uses research to improve media planning.

Seat belt advertising shares with a lot of brand advertising the problems of consumer resistance. Justifications for not belting up are many and various. On the other hand the effect of seat belt publicity is easy to observe: just stand on any street corner!

The COI tested the Clunk-Click campaign in 1972 at two weights, a low-level in Lancashire and a high level on Yorkshire Television. *The effect of the heavier* weight was so dramatically better, assessed by a cost benefit analysis, that the national development of the campaign was all at the higher level.

Second, the crime prevention campaign was developed using a booklet to give practical advice *and television advertising* to signpost the booklet. The COI ran a test comparing the effects of these media and found that recognition for the booklet alone was improved from a score of 68 to one of 83 for the booklet backed with TV.

I know the basic themes of the seminar have been discussed before, but seldom with such style and enthusiasm, including the many paper and discussion comments not here reported.

Rodney Harris is associate director, media, at Masius, Wynne-Williams and D'Arcy-MacManus.

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THURSDAY, APRIL 7, 1977

Bargaining in competition

THE IDEA of "kitty bargaining," which the Secretary of State for Employment has now commended to trade union leaders for consideration as a possible approach to the next phase of wage restraint, is by no means new but has never been tried out on the scale he appears to be suggesting. Under free collective bargaining, the management of a particular company (or plant, or other bargaining unit) has a reasonably precise idea of what it can afford to pay in wage increases and the bargaining process is largely concerned with the allocation of this total sum between different groups of employees. Under kitty bargaining, a similar process of allocation would occur but the total sum available for pay increases would be fixed, presumably as a percentage, under a formula to be agreed between the Government and the TUC.

In theory there are a number of apparent attractions about this approach. The size of the increase in the national wage bill could be limited in advance and the limit enforced by using price control powers against firms which ignored it. Union officials would regain a large part of the negotiating function which they have lost in the more rigid phases of restraint. And there would be room within the over-all permitted increase both to protect the lower-paid and go some way towards restoring differentials and smoothing out anomalies.

Allocation

It is when one moves from general considerations of this sort to their practical application that possible difficulties begin to appear—and Mr. Booth, it must be pointed out, was only putting forward one possible means of retaining support for voluntary pay restraint and developing "the social contract" as the basis for advancing the role of the trade union movement in national affairs." There is first the problem of defining the bargaining unit in such a way as to neither encourage ignoring of the limit nor to discourage the changes in existing arrangements which may sometimes be needed.

There is next the problem of what sort of increases should be included inside the overall limit. Mr. Booth does not yet seem to have made up his mind whether or not productivity bargains — on which some union leaders are particularly keen—should be included: it is essential in either case that the improvement in productivity should be genuine and not paid for in advance. A more serious difficulty concerns the allocation of money to different groups. Mr. Booth, while recognising that the special claims of some groups can only be met at the expense of others, apparently wants some nationally agreed minimum pay increase to help protect the lower-paid. Apart from the fact that this ignores the differing abilities of firms to pay, a percentage minimum increase of a size likely to be acceptable to the general unions would leave little over, in the context of Treasury arithmetic, to increase differentials and right anomalies.

Union disputes

But the worst problems would probably arise in the actual process of bargaining. The situation would be easier if it were normal for one union to represent all the workers in a plant or for all pay agreements to begin and end on the same date. In fact, not only is it usual for there to be several unions involved but there is growing pressure for particular groups inside a large union to have their own negotiating rights: moreover, most firms have a large number of different wage agreements with different dates. There is therefore not only much the same danger of leap-frogging under kitty as under free bargaining, even if sanctions on companies which exceed the limit can be effectively enforced, but an even greater danger of disputes between unions and inside unions, that together could produce much industrial unrest. The TUC leaders will undoubtedly discuss Mr. Booth's suggestion: it would require considerable care to establish the principles of such a scheme and considerable sophistication to apply them.

A few crumbs for the city centres

THE LONG-PROMISED grand new strategy for the inner cities turns out to be less harmful than it might have been, and there are even a few possibly beneficial side effects. This is clear from a series of statements and answers to set-piece Parliamentary Questions put out by the Secretary for the Environment, Mr. Peter Shore, over the past few days. The central feature of these statements is that in spite of the sweeping nature of the speeches that have preceded them during the past year of fashionable concern for the inner cities, the Government simply does not have the money to do very much.

This is all to the good. The amounts spent on city centres during the postwar period is measured in billions, and the cumulated evidence suggests that much of this money has been spent on the employment of administrators and clerks, or the destruction of salvageable existing housing, or the construction of tower blocks of flats in which few families would live by choice. To judge from the speeches of Mr. Shore, and his Conservative counterpart Mr. Peter Walker, the lesson has not been learned: it seems that if they could they would throw good billions after the bad.

Responsibility

In the event all that Mr. Shore could manage yesterday was the promise of a few hundreds of millions over the next couple of years. His department will take the responsibility for the "urban programme," a social welfare operation of questionable utility, from the Home Office, and the present expenditure of under £30m. a year will be increased to £125m. a year in 1979-80. The Chancellor's Budget announcement of money to rescue construction companies in inner cities has been echoed by Mr. Shore: it means £80m. in England over the next two years. The total potential waste of hundreds of millions is less unpalatable than the hypothetical waste of billions.

The money will of course go where it is politically useful: to parts of Liverpool and Birmingham, Manchester-Salford and, in London, Lambeth and Dockland. The announcement has come just four weeks in advance of the local authority elections, in which Labour will be very much on the defensive in those areas. For the rest, Mr. Shore speaks of "an inner area dimension" to other main Government programmes, and a reduction in the population targets for the new towns, based on the fact that the population of Britain is falling.

The potentially useful side-effects of all this come from the area of administration. A relaxation of the rules for the block allocations for housing grants means that local authorities can, for example, raid the new construction account in order to spend more on rehabilitation (or vice-versa). The new "special partnerships" with the favoured few local authorities will concentrate the minds of some of them on the need to attract industry.

A proposed new bill to give the worst-affected local authorities increased powers to "assist industry" and "designate industrial improvement areas" could be beneficial, depending on its terms. If this leads to less restrictive planning policies, some good could come out of it.

Canute-like

At the end of the day, however, the correct policy for the inner cities is a recognition of the fact that the majority of people have shown by their actions that they prefer to live in green suburbs. This does leave some of the less fortunate high and dry, and they do of course need assistance. But helping them—to find jobs, or with direct cash aid—is quite different from a Canute-like attempt to turn back a tide that has swept every urban area throughout the postwar period and in many cases for much longer than that.

Nuclear power: Uncle Sam's call for trust

By DAVID FISHLOCK, Science Editor

IT IS PROBABLY prudent to assume that nuclear explosives will spread beyond the six nations which have already demonstrated convincingly that they possess them. After all, in spite of the determination of the U.S. Government immediately after World War II to retain total control of the technology of the Manhattan Project, over less than three decades nuclear explosives have spread successively to the USSR, Britain, France, China and (by 1974) to India.

There are clear temptations for other nations to acquire nuclear explosives. For the oil-producing nations there is the temptation to use their wealth to procure them as an insurance against any decline in their world influence as their oil reserves diminish. For ostracised nations or those encircled by hostile neighbours, there is the temptation to procure nuclear explosives as a deterrent to any attack. For some developing nations there is a temptation to use nuclear explosives to gain a seat at the same table as the world's more influential nations.

For three decades, after the McMahon Act excluded Britain from the Manhattan Project technology which Britain had helped freely to develop — obliging Britain to launch a crash programme to develop its own nuclear explosives — the U.S. has been wrestling with the problem of controlling proliferation of nuclear weapons. No aspect of nuclear policy has occasioned more international discussion, albeit mostly behind closed doors.

The U.S. Government is expected to-day to announce its latest policy for minimising the pace of proliferation. President Jimmy Carter, in San Diego on the campaign trail last autumn, declared that he would "seek to withhold authority for domestic commercial reprocessing until the need for it, the economics and the safety of the technology are clearly demonstrated." Without reprocessing, of course, there can be no fast reactors, fuelled with plutonium and simultaneously breeding fresh nuclear fuel from "spent" uranium.

The basic points of Mr. Carter's policy have already been put to a handful of nations which, two years ago, were persuaded by the U.S. to start meeting in secret in London. It wanted them to agree upon tighter controls over exports of three "sensitive technologies"—uranium enrichment, plutonium refining, and heavy water production — closely associated with nuclear explosives. The four basic *tenets of the anti-proliferation* policy will be:

- U.S. reprocessing of spent nuclear fuel and the recycling of plutonium as fuel for existing types of reactors to be deferred indefinitely;
- U.S. development of the fast "breeder" reactor, fuelled by plutonium, to be slowed down;
- U.S. fast reactor funds to be channelled into alternative nuclear fuel cycles that might avoid access to the three "sensitive technologies";
- A large expansion of U.S. uranium mining production to keep light water reactors fed with fuel.

The four points are all spelled out in the recommendations of a report from the Nuclear Energy Policy Study Group, sponsored by the Ford Foundation and published last month.* This group of 21 eminent U.S. Government officials and advisors under the chairmanship of Dr. Spurgeon M. Keeny Jr., spent a year pondering the problems of whether, and to what extent, and in what form nuclear energy was needed.

It concludes that nuclear energy is already "a fact of international life and will provide a significant proportion of the world's electricity by the end of the century." Observing that it is "a present reality, not a future prospect," it records that the U.S., with 40,000 MW of nuclear electricity already on-line, is expected to bring another 170,000 MW into service by the mid-1980s. Comparable figures for the rest of the world are 35,000 MW on-line and another 130,000 MW under construction.

On the economic justification for nuclear electricity it concludes rather grudgingly that it would "on average be somewhat less costly than coal-generated power." Outside the U.S. it finds that some 30 nations in addition to those which already possess nuclear weapons have nuclear plants operating, under construction or ordered.

In other words, there is no suggestion in the Ford Foundation report that nuclear energy as it exists commercially to-day —which for the U.S. and most other countries means by way of light water reactors (LWRs) —should now be abandoned. Quite the reverse, in fact, for the basic argument is that at least for several decades to come the U.S.—and everyone else—should be prepared to rely on these U.S.-designed reactors. They should be prepared to forego more advanced technologies which promise to be more economical with uranium fuel, but which could also encourage *proliferation of* nuclear explosives.

The study group's confidence about uranium supplies appears to start with the figures shown in Table 1, which indicate that the U.S. is sitting on the world's richest stockpile of uranium. It then goes on to assert that the current assessment of uranium reserves "probably substantially underestimates the supplies that will become available."

Uranium at prices making LWRs competitive with the fast breeder reactor "will be available for a considerably longer time than previously estimated." The report's comment will bring cold comfort to those who have been claiming that thermal reactors were scarcely worth pursuing because the world would soon run out of uranium. But in the context of the Ford Foundation study it is used to justify the conclusion that the U.S. and its allies need not bother too much about the fast breeder reactor or the reprocessing of spent nuclear fuel, and their potential for conserving nuclear fuel by extracting up to a hundred times as much energy from a given amount of uranium.

Unfortunately, the study group tends to undermine its own case a sentence or two later by arguing that, if the costs of nuclear power should rise, it will not matter, for "coal available at roughly current costs will look increasingly attractive." But an underlying assumption of the study in any case is that energy prices generally must increase steeply, and nothing much can be done to prevent this happening.

From this position it moves into its case for abandoning reprocessing and fast reactors. Basically it concludes that there is no compelling economic reason at this time to introduce plutonium fuel or to anticipate its use this century.

But how will the rest of the world see the Carter Administration's proposals, with their *strong implications that nations* need only put their faith in Uncle Sam and all will be well?

The Canadians, who were deeply upset by the cynical way in which India, using plutonium *transmuted* in a Canadian-designed research reactor, let off a nuclear "device" in 1974, are under great pressure to align themselves with the new U.S. anti-proliferation policy. They have always stored spent nuclear fuel from their Candu reactors—as the U.S. now suggests should be done with LWR fuel—to an extent where one of their engineers claimed recently that Canada possessed the largest plutonium mine in the world.

The Canadian Government *may* even go along with the U.S. in trying to extract an undertaking from its overseas *customers that they will make* no attempt to reprocess uranium mined in Canada.

But the other five founder-members of the original London Group of nuclear exporters all see reprocessing and the recycling of plutonium in the fast breeder reactor in quite a different light. All have highly developed fast reactor programmes. Britain and France and the USSR have large-scale demonstration reactors already running. West Germany has one under construction; and Japan has the 300 MW Monju project which it hopes to launch shortly. France and Germany have recently embarked on the commercial-size (1,200 MW) Superphénix reactor.

Of the five, only the USSR (believed to have a lot) and France have found commercially significant indigenous sources of uranium. All see the fast breeder reactor as a powerful insurance against rising world uranium prices, and against any collective action by the uranium-*producing nations—that is*, the risk of a "uranium OPEC."

Britain, and the two nations (Japan and Italy) which purchased Britain's Magnox reactor, have another problem. *Magnox fuel is simply not suitable for long-term storage*, as the electricity industry has already discovered to its cost.

But a still more formidable obstacle to the Carter proposals is that reprocessing represents for Britain and France a major nuclear export prospect, serving nations—such as Japan and Sweden—whose laws require nuclear plant operators to show that they have made acceptable provisions for dealing with spent nuclear fuel.

Britain is also much further advanced than any other nation in "closing the fuel cycle" for the fast breeder reactor. By this *is meant the technology of re*processing intensely radioactive fuel and recycling it as fresh fast reactor fuel. At Dounreay the U.K. Atomic Energy Authority is commissioning a new reprocessing plant for the task.

What other Governments—including Britain's—are likely to fear above all about the new U.S. anti-proliferation proposals, however, is that they could encourage organisations opposed to nuclear energy in any form to redouble their efforts to block even those nuclear activities still acceptable to U.S. energy policy. It could also encourage the oil-producing nations to raise their prices sharply.

"Nuclear Power Issues and Choices: Report of the Nuclear Energy Policy Study Group. Ballinger Publishing Company Cambridge, Mass., U.S., 1977.

(Top) worker prepares to enter the new reprocessing plant for separating plutonium from intensely radioactive fast reactor fuel at Dounreay. (Below) India's experimental reactor at Trombay, supplied by the Canadians.

TABLE 1
Estimated proportion of the world uranium resources
(Excluding the East Bloc)

	1975	1985
	%	%
U.S.	45	46
Canada	25	13
South Africa	<15	16
France	<10	4
Nigeria	6	—
Niger	—	7
Australia	—	6
All others	9	8

Source: Nuclear Energy Policy Study Group

MEN AND MATTERS

Dolanc does the rounds

Stane Dolanc, the 52-year-old *Slovenian who, to give him his* full title is Secretary of the Executive of the Presidency of the Central Committee of the League of Communists of Yugoslavia, has just made Labour Party history, in a minor way. He has also had "a great time," in his own words, rushing around Whitehall and Transport House seeing Prime Minister Jim Callaghan, Foreign Secretary David Owen, Defence *Minister Fred Mulley, Leader of* the House Michael Foot, and Secretary of State for Trade Edmund Dell.

Dolanc has been in London at the invitation of the Labour Party and the ostensibly party nature of the visit was underlined by the signature afterwards of the first joint statement ever signed by the Labour Party with an East European Communist Party.

One only has to look at the list of high-ranking politicians that Dolanc met once his purely party obligations were over to realise, however, that this was more than the usual inter-party chat session. It is also difficult to believe that he came here so that the Prime Minister and others could hear about Yugoslavia's experience in the admittedly highly topical fields of worker participation and devolution.

The fact is that, although Dolanc airily dimisses the very idea, he is clearly seen by Whitehall as a potential successor, at some stage, to the 84-year-old Marshal Tito.

On paper the Tito succession is already mapped out. A collective Presidency composed of one member from each of Yugoslavia's eight regions will take over the reins. Dolanc is *not even a member* as his region, Slovenia, is already represented by Tito's right hand man Edward Kardelj. Nobody knows however whether this collective presidency will actually work in practice. If it does not, Dolanc, a short, chubby, former partisan with thick owlish spectacles, who worked his way up through the Slovenian Party machine and moved into party HQ at Belgrade in 1972, could well emerge out in front.

He was asked what would happen after Tito at a Press conference yesterday at Transport House and nimbly replied "I hope you can ask that question for many years to come." He was also asked about political prisoners. "Yes," he admitted, "we have home. Not many. They are mostly foreign agents."

"I have high hopes of this trip, bearing in mind what became of Nixon and Ted Heath!"

Bacon bicker

Some curious bickering is going on between the Danish Bacon Company, which for 75 years has been the British group responsible for most imports of that product, and some Danish exporters back home. Danish agricultural interests own 58 per cent. of DBC (which as well as importing, packaging and distributing bacon also handles Lurpak butter, groceries and canned foods) while the rest of the shares are publicly quoted.

What seems to have upset ESS-Food, the Danish bacon export association, is that DBC handles bacon from other countries. Nothing new in that, as Eric Trautmann, DBC's Danish managing director in London, stressed yesterday, but perhaps the specific matter of Sheffield bacon has something to do with the fuss.

In Sheffield, DBC owns four shops trading under the W. J. King name which were acquired a couple of years ago from Northern Foods. They specialise in bacon sales, a rarity in to-day's High Streets, and are DBC's only retail outlets: Trautmann said the company ran them in order to keep in touch with trends in the retail market.

But recently, the King shops have run a promotion of Dutch bacon, and Trautmann thinks that has upset some of the Danish exporters. Actually, the differences seem to go a little deeper. DBC and ESS-Food have since 1975 been discussing ways of establishing "closer trading relationships." Negotiations proved difficult, though it was agreed that two representatives of ESS would join the Board of Danish Bacon, which could have been given rights as the sole agent for Danish bacon in the U.K. In return, it appears *that the Danes want* a bigger stake in DBC.

As it is, ESS-Food has just opened its own sales office in London, indicating that "the marketing traditions of two *generations are being changed*," according to J. Esp Soerensen, ESS-Food's chairman. Did Trautmann see it as a retrograde development? "I think you can say that," he replied.

Mrs. Gandhi and The Statesman

There is more than a touch of irony in the fact that former Indian Prime Minister Indira Gandhi *should* have chosen The Statesman as the vehicle for her first interview since her defeat in the recent elections.

The Statesman was one of her most vociferous critics prior to the state of emergency and was one of two daily papers to have had their advertisements withdrawn and be subject to other harassment during the 19-month emergency. This intransigence has done its reputation no harm, however, as proved by the three-fold increase in circulation since the emergency was lifted in January.

In spite of all this, however, tradition dies hard in India and Mrs. Gandhi is not one to forget that The Statesman was her father's favourite newspaper. Be that as it may, she showed no animosity during the interview but displayed her usual expression of calm repose and gave un*hurried, calculated* replies to awkward questions.

Her claim that she is not seeking any political post apparently astounded the interviewer, but the twinkle in her eye did much to cast doubt on whether she meant it. She looks tired and the grey streak in her hair is more pronounced but she has lost none of her pugnacity, particularly when defending the record of her son Sanjay, or *denying that she has been re*jected by the people. Admitting disappointment at defeat in her own constituency of Rae Bareilly she pointed out of the window to the hundred or so people waiting on her lawn to prove she is still a rallying point.

Observer

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ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

Why IMF is wrong on sterling

"THE GOVERNMENT'S all right. It's bound hand and foot by the IMF." This is the stock response to economic questions by numerous City gossips, Conservative MPs and Press commentators. The remark is as wrong-headed as it is backneyed.

Apart from any innocence which it betrays about British domestic politics, it is utterly misleading in the aura of sanctity which it bestows on the IMF. The Fund consists of fallible mortals with their own interests to pursue; and in at least two respects they have recently been trying to fasten wrong-headed policies on this and other countries.

Attention has been focussed on IMF views on the Public Sector Borrowing Requirement and Domestic Credit Expansion. What has been overlooked is that a great deal of time was spent during the visit of the IMF mission last autumn discussing the sterling exchange rate. Not everything that was agreed either on sterling or domestic policy has been published. Apart from the Letter of Intent, papers have been exchanged between the Chancellor and the IMF on wages, prices and exchange rates.

Originally the Fund was so preoccupied by the need to maintain a competitive sterling exchange rate that it wanted to lay down a rough illustrative timetable for the downward movement of sterling. During most of the discussions sterling was fluctuating in the $1.60 to $1.66 area. Fund officials thought that at this rate, the U.K. was internationally competitive for the first time; and they set out alternative projections of further depreciation from that point, based on comparative international inflation rates. One key projection took the pound to $1.50 in the course of the fiscal year 1977-78.

The British Government set its face against setting out on paper any specific path for the exchange rate. In the end the formula in the Letter of Intent contained a compromise without figures. The crucial sentence of Paragraph 23 states: "Intervention will be designed to minimise disruptive short-term fluctuations in the rate and to maintain stability in the exchange markets consistently with the continued maintenance of the competitive position of U.K. manufacturers both at home and overseas." What is meant by "maintaining the competitive position" is left conveniently undefined.

There was thus some basis to the report, which rocked the sterling markets in October, about the IMF looking for a $1.50 to the pound exchange rate. But the figure did not represent an immediate demand; and the IMF was and is against any fixed rate. The $1.50 point was an illustrative guidepost on a descending path, drawn up for a period when the British inflation rate was expected to be above the international average.

The fact is that after many years of devotion to semi-fixed exchange rates under Bretton Woods, the IMF has now developed an obsession about not supporting overvalued currencies.

Another IMF obsession is incomes policy. Dr. Johannes Witteveen, the Fund's Managing Director, took a personal initiative to secure firm numerical commitments from the British (as he would like to have from the Italians now) and desisted only after several executive directors of the Fund had taken strong exception to his stand.

TOTAL CURRENCY FLOW*
(Change in reserves net of official overseas borrowing)

	£bn.
1972	−1.265
1973	−0.789
1974	−1.672
1975	−1.465
1976	−3.628
1977 (1st qtr. est.)	+2.0

* "Balance for official Financing" Source for full years: Treasury

The discussions with the IMF were in terms of the rate at which sterling should depreciate; but, as usual, forecasters and fine-tuners have been given a shock by what Mr. Khruschev used to call "life itself." For the actual problem has been the unexpected strength of sterling and its tendency to appreciate—not depreciate—more than the authorities think is good for us. The table shows that even after allowing for the first part of the IMF drawing, and official Eurodollar borrowing, the reserves increased by about £2bn. (well over $3bn.) in the first quarter; and we know from Mr. Healey's winding up speech in the Budget Debate that — as a result of foreign currency purchases to prevent sterling rising above $1.72 — there has since been another large increase in the reserves.

When sterling is strong, the IMF—which has its own internal dissensions—is in no position to dictate British exchange rate policy. But the understandings about "competitiveness" are just sufficient to give an additional argument to those in Whitehall who are in any case against an appreciation.

For Ministers and their advisers have been as divided about what to do about the supposedly embarrassing strength of sterling as they were about its weakness. The so-called Young Turks of the Treasury have wanted to maintain sterling on a falling trend to promote export-led growth, business recovery and so on. (The pre-Budget economic forecasts were prepared on the assumption that sterling would continue to depreciate in order to compensate for the difference between British and international inflation rates.) Mr. Callaghan, on the other hand, has always been a fixed exchange rate man; so has Mr. Harold Lever, although more tolerant of upward than of downward deviation.

No one with any influence has yet fully taken on board the view of the "international monetarists": that there would be positive advantages in an appreciating rate, provided that this came about through market forces; and that the argument about competitiveness is largely false, as domestic costs adjust to the exchange rate rather than the other way round.

The Government has gone for the middle course of holding the rate at around $1.72. Ministers have been influenced by industrialists' lunch table talk about "stability" and wish to hold sterling there for the foreseeable future. But one of the few certainties is that this supposed middle way will not work. Either the inward movement of funds will force the Government to let the rate rise, or the forces of differential inflation will push the rate down later in the year. The way things are going, we are likely to have both events in succession.

My own view is that the original Fund thinking was almost 180 degrees wrong. The most important piece of information presented in the Budget was not any tax change but the chart in the Financial Statement reproduced here. This shows that, in direct contrast to IMF beliefs, sterling has fallen since early 1973 about 10 per cent. further than can be justified by comparative inflation rates in the U.K. and the main OECD countries.

It is, of course, possible to argue that sterling was overvalued at the beginning of 1973. The arguments of Mr. Bryan Gould, the Left-wing former Parliamentary Private Secretary to Mr. Peter Shore, to this effect, were echoed almost exactly by the IMF's Mr. David Finch in discussions in London.

There is however no known way of defining a correct starting point. The appropriate ratio of British to overseas costs and prices depends not only on trade in manufactures, but on capital flows, North Sea earnings, sterling balance movements and many other factors. Many of these items are now moving in favour of the U.K.

The important question, not discussed at all in the Budget Debate, is whether the gap shown in the chart will be closed by sterling recovering, or by the purchasing power of the pound falling to justify the present exchange rate. The trouble with British economic discussion is that it is always hung up on the radicalism of a few years ago.

It was frequently said in the Budget Debate that "We are all monetarists now" (Messrs. Heffer, Lever and Maudling dissenting). But it is monetarism in one country, based on the experience of the much more self-contained U.S. In a country like Britain, prices depend mainly on the world inflation rate and on the exchange rate. The money supply works mainly via its effect on the exchange rate.

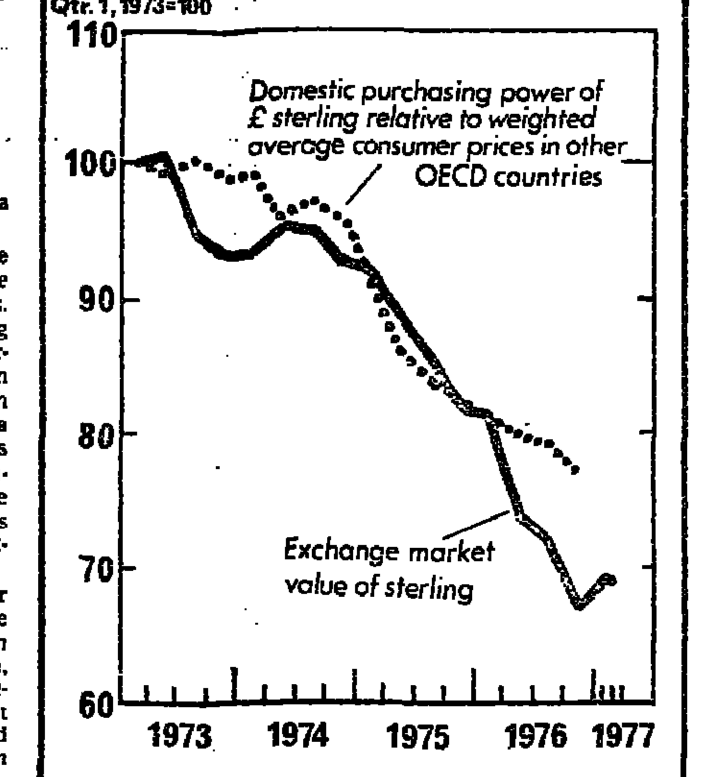
The main argument for devaluation is for a deliberate rise in the price level, as an alternative to wage reduction, in situations such as the mid-1960s, where overseas profit margins have been squeezed too much. The present situation is almost exactly the opposite. Overseas profit margins are historically high relative to domestic ones; and industrialists are sceptical of their continuation.

If sterling is artificially held down, these profit margins will be eroded by wage push. Trade unionists have a good idea when employers can pay them more; and the "kitty-plus" formula of Phase Three will be little obstacle. Wage increases will spread from the international trading sector to the rest of the market sector, and then be passed on in price increases. In the end the present $1.72 exchange rate, or even something a good deal lower, will appear to be confirmed by the movements of costs; and we will be ready to begin a new vicious circle of depreciation and inflation.

By contrast, if sterling had been allowed to appreciate, there would have been a chance of a virtuous circle. Trade unionists would have had a reason to believe in lower inflation rates, more convincing than any that Mr. Healey has given. These influences would have been reinforced by a much tighter bargaining atmosphere as employers would have been less able to afford concessions; and once British wage costs were established on a more modest path, it would be possible to lower the long term target for monetary expansion, thereby improving the exchange rate further. But as every day passes and union wage demands gather force, the chance of this virtuous circle recedes.

The IMF understandings are not the only inhibitions on British policy. Mr. Healey has frequently said that he does not intend to use private inflows of foreign currency to finance the (now contracting) deficit on current account. This was the undertaking in Basle in return for the sterling "safety net." For the moment the Chancellor could both discourage inflows and encourage the flagging domestic money supply by a much more dramatic drop in interest rates than the Bank of England considers respectable. But this will not always be possible; and even a freely floating exchange rate would be quite consistent with a current deficit offset by a capital inflow. The only satisfactory way of achieving the Basle objective and moderating any sterling appreciation would be to start dismantling exchange control: a course to which we are in any case pledged under EEC rules, and infinitely preferable to the inward exchange controls we are all too likely to have.

RELATIVE INFLATION AND THE EXCHANGE RATE



Source: Financial Statement

Letters to the Editor

Price and pay policy

From Mr. G. Smith.

Sir,—The Chancellor appears *to be recognising* that *improved* productivity and output is the key to our ability to restore long term economic viability and employment and to overcome inflation. What now has to be found is a creative policy which can be applied to and by every organisation in the country.

The problem of any price/pay policy is—how to encourage the process of adding value throughout the country. What is now needed is to harness the creative ability of the whole country towards the same objectives—more output—keep prices down.

A possible approach is to retain a form of price monitoring/investigation, but to develop a philosophy that uses self-monitoring throughout by companies and employees. If prices were regulated so that they only recover increased import prices plus a 5 per cent. increase in added value, then we have price control.

With a pay norm of 5 per cent. for 1977-78, this would encourage a new look at productivity, if improvements in the added value per £ wage/salary were allowed to cure anomalies and restore relativities. If added value per £ wage/salary increased beyond that point, then it could become the basis for pay increases in 1978-79. If too much added value was used in removing pay anomalies the improvement in added value per £ wage/salary would be reduced and would affect next year's pay increases.

No price increase would be allowed to recover any increase in pay above the 5 per cent. norm allowed. Increased added value enables employees to negotiate about pay increases and companies to have funds for investment and profits. So both partners have the same objective—improved productivity.

Any company can use this measurement base. Added value can be increased by using less materials—less imports or by creating more output per day—more exports. Both these actions increase competition—control prices—reduce inflation.

This approach would be self-regulating since one company's price increase reduces another's added value. The company which can improve productivity will always do so—but it and its employees want to be rewarded. Provision of information will give employees data for negotiations. Improved productivity would not lead to unemployment since the unions are protected on that particular subject—it would stimulate a look at new opportunities for job creation. *Improved productivity* is a more realistic way to employee participation than worker directors ever will be.

Geoff Smith.
Bracken Cottage,
Chilver House Lane,
Bawsey,
King's Lynn, Norfolk.

Child benefits scheme

From The General Secretary, National and Local Government Officers Association.

Sir,—A primitive monetarist outlook forces Joe Rogaly (April 5) to tackle the problem of finding money for the child benefits scheme by lashing out wildly at other necessary forms of public expenditure.

Mr. Rogaly is undoubtedly right to say that child benefits are pathetically low in this country. To propose to increase them by shifting money from other social expenditure is an absurdly false economy.

Reducing spending on housing can only increase the number of homeless or those unable to support their families. The result would be that more children would have to be taken into care. The cost of putting a child into care can be as much as £80 per week—about the same as the national average gross pay for non-manual men, whose wages are expected to be able to support a family.

National and Local Government Officers Association has supported the child benefits scheme for precisely the same reason Mr. Rogaly adopts, "these payments are one of the best means of alleviating poverty." There is no need to suggest NALGO, or the National Union of Public Employees, have disingenuous motives for supporting such a cause.

Geoffrey Drain.
NALGO,
1, Mabledon Place, W.C.1.

A source of revenue

From Ruth Lister.

Sir,—I was very pleased to read Joe Rogaly's article on child benefits (April 5) which outlined *the inadequacies of the new child* benefit scheme so well. But the position for some families is even worse than he realised. Because of consequent reductions in rent and rate rebates, some poor families will gain as little as 10p or nothing at all and a small minority will actually lose a few pence. Admittedly the mother will still be £1 a week better off (provided she is not responsible for paying rent), but, if she has two schoolage children, that £1 will be wiped out in the autumn when school meal prices go up by 50p a week.

As Mr. Rogaly argues, there is a danger that the whole idea of child benefit will be brought into disrepute as a result of the present "half-baked scheme." It is for this reason that the Child Benefits Now Campaign has called on the Government to commit itself publicly to putting more resources into the scheme, starting with an interim increase in November to coincide with the social security benefits uprating.

A small group of Labour backbench MPs has suggested that one possible source of revenue for an increase in child benefits would be the married man's tax allowance which, in 1976-77 pre-empted £1.4bn. of public funds. This allowance goes to a married man irrespective of whether his wife is earning, on the assumption that she reduces his capacity to pay tax. Such an assumption is increasingly anachronistic as more and more married women go out to work. With £1.4bn. child benefits could be increased by about £2.33 per child per week. This together with the money released by the phasing out of child tax allowances, would provide something nearer "the proper child benefit scheme" for which Joe Rogaly rightly calls.

Ruth Lister,
Child Poverty Action Group,
1, Macklin Street,
Drury Lane, W.C.2.

Post Office traffic

From The Executive Director Mail Users' Association.

Sir,—The recent coverage (March 30) of the five year plan for the postal business is depressing reading. Has the postal business really learned so little from its experience of the past few years?

The management expressed puzzlement that postal traffic continues to decline even though some prices were not increased last year. The reason for this, as any major user of postal services could tell them, and a good many have, is that is is often some time before price increases result in lost traffic.

Large users plan a year or more ahead, and corporate strategy may commit a business to using the postal services as a predominate means of marketing and distributing products for very long periods, for example, a mail order business cannot switch to other outlets such as store chains overnight. Thus while the general user is quick to respond to increases in postal prices many organisations remain "locked into" the postal services in the short run. This is especially so in the case of the parcels service where many large users are under contract, and they have to wait until their contracts fall due for renewal before acting. This is precisely what happened with one of the largest users: they removed over 1m. items in June, 1977, in response to the increases of March and September, 1975.

Many points of detail could be taken up but the worst feature of the five year plan lies not in its content but in the failure of the postal business to discuss it. It is deplorable that users, Parliament, and the postal workforce, should learn from a newspaper report that such far reaching changes are under consideration. All informed observers of the postal business recognise that changes will have to be made. What is objectionable is that the public, who are the owners of the Post Office, are not involved in the planning process from the outset.

M. E. Corby.
29, Sackville Street,
Piccadilly, London, W.1.

Company law reform

From Mr. G. Gardiner.

Sir,—I was delighted that you were able to spare the space on April 5 to publish Edward Owen's article concerning Mr. David Morgan's proposals for company law reform in the island of Jersey. Mr. Morgan's commercial law reform report No. 2 deserves the very highest praise and one cannot but feel sympathy for the Jersey legislators who are faced with the most difficult problem *in deciding* whether to adopt the report and one wishes one could answer for them the question of whether they will gain or lose business if they adopt a first class company law system. It is sad to think that it is possible that the adoption of a superb system of law would frighten more people off than it would attract.

I have been involved in encouraging people to form companies in the Channel Islands and would prefer to advocate respectability, but if those with greater experience think otherwise I would not challenge the sincerity of their opinion. Inevitably as a member of a professional body deeply concerned to see the highest standards upheld I am naturally biased in favour of the implementation of Mr. Morgan's proposals.

I hope that readers of Mr. Owen's article will not have his interpreted the words "his produced a theoretically admirable treatise..." as meaning that Mr. Morgan's work is academic and airy fairy. It is far from that. It is clearly the work of a man with great practical experience who has endeavoured to deal sensibly with the problems that arise.

Two proposals deserve particular praise for their commonsense approach. Firstly, in clause 2 of the draft law he has provided that the law shall receive "such liberal construction as will ensure the attainment of the objects thereof according to their true intent meaning and spirit..." I have for many years advocated that all Acts of Parliament should state in a preamble what was the purpose of the law, and that it should be a rule of interpretation that if there is any doubt as to the meaning of any passages in the Act it should be interpreted in such a way as to give effect to that purpose. This is of course at variance with an English legal principle with which all lawyers in England are indoctrinated from the commencement of their studies. Nevertheless the principle is an illogical one which leads to injustice and disrespect for the legal system.

Another instance where Mr. Morgan's practicality triumphs over legal tradition is in relation to private company articles of association and I wish that all English lawyers would read articles 142 to 149 in the draft law and Mr. Morgan's comments upon those articles on page 125 of his report. In particular they should take account of the following quotation from his comments: "A frequent source of distress and irritation as regards private companies, and membership of small companies generally, is the position of a member who wishes to retire from what he regards as a partnership situation, and the like position on the death of a member. How many lawyers and accountants really explain to promoters of a *private company* the difference in their position as members of a company instead of a partnership in such circumstances? Unfortunately most standard precedents are totally at variance with the partnership nature of the private company."

These examples are typical of the practical and logical way in which Mr. Morgan has approached old problems. He displays great technical knowledge and commonsense and this is a rare combination.

G. W. Gardiner.
83, Gough Way,
Cambridge.

Wages we can afford

From Mr. P. Mitchell.

Sir,—Once again we are hearing talks about wage explosions and the threats from certain union members about what will happen if their "needs" are not met.

We hear that our standard of living has gone down in the past two years, but never a reminder that this was an absolute necessity. As a matter of fact we should be heartily congratulated *that it has done so.*

To even contemplate the idea of a wage explosion at this time is complete and utter madness. Think of the effect on the pound. I just hope that everyone has his or her wheelbarrow in reserve, in order to carry their pound notes around.

I read in the Financial Times that—to cheers—Mr. Scargill said "I am sick and tired of hearing the whining that we must sustain a Labour Government. I *am not prepared* to continue to support policies which harm those I represent." He will do much more harm to the people he represents if he brings the country down to financial ruin with his extortionate pay demands.

Perhaps it would be a good idea if all trade union representatives, and here I include even shop stewards, had to pass an exam in basic economics before they could be appointed, and the same should be necessary for *Members of Parliament,* and in their case the word basic should be emphasised.

I do not think that people in this country really want a wage explosion; if they do so wish, then they can only be "wreckers."

If some people by chance really do expect extortionate *demands to be met,* then some of our leaders, somewhere, will have to be courageous and take definite action to stop it. We cannot afford to stand by and watch the country sink into oblivion.

Peter G. Mitchell.
Southside,
Fife Street,
Keith, Banffshire.

Tax on middle management

From Mr. L. Cheney.

Sir,—Who are the people in industry who have given a qualified welcome to the Chancellor's proposal to reduce the tax on middle management and who feel that these cuts are likely to be beneficial to and have beneficial effects on attitudes of those executives?

If they thought before they spoke or, more importantly, related the new tax concessions to the new tax on benefits (*increases*), particularly cars, it might just be revealed to them that the Chancellor has given precisely nothing to middle management.

Not a single comment or remark from the Institute of Directors, Confederation of British Industries or the British Institute of Management on this. They all must live in a different world.

L. K. Cheney.
11, Derwent Walk,
Oaby, Leicestershire.

A covered market

From Mr. M. Rose.

Sir, — How I agree with the general manager of Elena Mae (April 4). The replication of building societies offices has ruined many a small town centre. Individual societies attempt to justify this as a way of enticing in customers. This argument doesn't hold for all societies. Surely it would be better for there to be one building society office with separate kiosks within the office for each society — along the lines of an airport check-in. This could be extended to banks, too.

Building societies also enrage me by giving cheap mortgages to employees — thus distorting further the housing market, and by giving private medical insurance to their employees — thus helping to produce unequal opportunity in health care. They have a lot to answer for.

Malcolm Rose.
Flat 3, 72-74, Yoakley Road, N.16.

Covenants for charity

From Mr. G. H. Mason.

Sir,—Where covenantors pay higher tax rates, the Inland Revenue, while returning to the charity the amount of standard rate tax paid by the covenantor, insists on retaining the 10 per cent. or 15 per cent. the latter may have had to pay on the net amount. The quibble is that there is nothing in the tax Acts which permits the return to the charity of this extra tax, although it is admitted to be an additional tax on income which the donor is deemed not to have received at all.

This is a grave injustice which can be affecting every charity in the land.

G. H. Mason,
"Guthlaxton,"
395, Walmley Road,
Sutton Coldfield, Warwicks.

GENERAL

U.S. Administration expected to make major policy statement on nuclear power.

Dr. David Owen, Foreign Secretary, scheduled to hold meeting in London with Bishop Abel Muzorewa, leader of Rhodesian African National Council.

Leyland Cars' working party on labour problems of manual workers due to hold its first meeting in York.

Mrs. Margaret Thatcher, Opposition leader, arrives in China for seven-day visit at start of Far Eastern tour.

Lord Thomson on Commonwealth tour as Prime Minister's special envoy to prepare for forthcoming Commonwealth Conference in London.

To-day's events

Dr. Joseph Luns, Nato Secretary-General, on visit to U.S.

Electrical Power Engineers' Association conference ends, York.

Mr. Robert Bittlestone, manager, group information systems, Roneo Vickers, speaks to Inter-Bank Research Organisation on "Information for Financial Decision-Making on a Group-Wide Basis," Moor House, London Wall, E.C.2, 4.30 p.m.

Open meeting at London Chamber of Commerce, 69, Cannon Street, E.C.4, 11 a.m., to explain spending power, social habits, and likes and dislikes of Middle Eastern visitors to Britain, to be addressed by Mr. Mustafa Jundi, managing director, Arab Publishing Co.

PARLIAMENTARY BUSINESS

House of Commons: House meets at 11 a.m. and takes questions until noon, followed by various adjournment debates until 5 p.m. It then adjourns for Easter Recess until Tuesday, April 19.

COMPANY MEETINGS

Anglo-International Investment Trust, 20, Cannon Street, E.C., 12. Armitage (George), Leeds, 12. Howden (Alexander) Group, Great Eastern Hotel, E.C., 12. Law Debenture, 66, Gresham Street, E.C., 3. Provident Financial Group, Bradford, 12. Westwood Dawes, Worcs., 12.30.

COMPANY NEWS + COMMENT

Overseas operations help RMC to £23m.

FOR 1976 taxable profit of Ready Mixed Concrete shows an 82 per cent. jump from £12.64m. to £22.94m. At midway the increase was from £4.16m. to £10m.

Basic earnings for the year are up from 8.1p to 14.4p per 25p share and fully diluted from 7.5p to 13.2p. The final dividend is 2.97p for a total of 5.17p (4.7p) net.

Turnover rose from £412m. to £515m. and, for the first time, overseas sales represented more than 50 per cent. of sales.

Overseas operating profit increased from £5.54m. to £12.49m. due to a recovery in demand for building materials in most areas of operation. Changes in exchange rates contributed £1.22m. to the improvement.

A small increase in U.K. operating profit was achieved even though construction industry demand continues to fall.

Group borrowings less cash and short term investments have been reduced by a further £3m. to £44m. despite the restatement of overseas borrowings at higher sterling values following the depreciation of the pound. Interest charges were £1.22m. lower at £4.46m.

	1976 £000	1975 £000
Turnover	515,228	411,896
U.K.	241,291	212,593
West Germany	185,335	—,073
Other countries	89,602	7,930
Operating profit	†26,716	18,171
U.K.	14,228	12,636
West Germany	7,560	3,795
Other countries	4,678	1,740
Prpty. disposals	457	266
Share of assoc.	201	*120
Interest	4,456	5,471
Profit before tax	22,944	12,636
Tax	11,273	6,126
Net profit	11,671	6,510
Minorities	2,474	1,777
Extraord. debits*	601	†121
Available	8,406	3,199
Dividends	3,704	3,005
Retained	5,102	2,196

† Stated after charging depreciation of £29,326,000 (£18,899,000). * Loss. + Credits. * Consist of: Provisions in respect of a trade investment and for losses on disposals of businesses, after taxation relief of £77,000 (£757,000 (£164,000 profits). Amounts written off goodwill and formation expenses, less outside shareholders' interests of £11,000 (£3,000) (£106,000). Other items £11,000 (£37,000).

● comment

Since the first half of 1975 Ready Mixed Concrete's profits have been on a sharply rising trend—half-yearly profits having trebled over the period. But there are signs that the growth rate is now slowing down fast. For the year as a whole, Ready Mixed's pre-tax profits are 82 per cent. ahead. Of the £8.5m. improvement, just under half can be attributed to West Germany where there was a 11 per cent. growth in volume. Apart from Israel, where there is a small decline, the overseas interests moved ahead strongly and accounted for over a third of the profit growth. In the U.K., slightly over half Ready Mixed's profits come from ready mixed concrete and, though deliveries fell by around 8 per cent., margins improved. The aggregates side—accounting for just over a third of U.K. profits—suffered a similar decline in volume.

Last year U.K. ready mixed concrete deliveries were running some 23 per cent. lower than the 1973 peak and deliveries in the current year are expected to be down by a further 8-10 per cent., so there is not much scope for substantial profit growth in the domestic market. In Germany, deliveries in the current year are likely to rise by a few points only. However, the group's financial position has strengthened over the year and debt as a proportion of shareholders' funds has dropped from 94 per cent. to 67 per cent., the dividend is covered 2.5 times, and at 84½p the yield is 9.4 per cent.

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from the giant Dubai dry dock and the important extension to Port Rashid (both joint ventures with Costain) should start to have a material impact on earnings in the current year. At home the group appears to be weathering the U.K. construction recession better than might be expected. The sizeable open-cast coal mining contracts have cushioned the contracting side and, though U.K. housebuilding has been in the doldrums, total U.K. profits have moved ahead well. Whether this can be continued in the current year, given the difficult domestic trading conditions, is debatable but overseas profits should increase giving profits of over £25m.

INDEX TO COMPANY HIGHLIGHTS

Taylor Woodrow upsurge

ON TURNOVER of £413m. against £330m., pre-tax profit of builders and civil engineering contractors Taylor Woodrow finished 1976 £6.23m. in front at £21m. At halfway the advance was from £5.28m. to £6.72m.

As forecast at the time of the rights issue last April the dividend is lifted from 5.0414p to 6.8p with a final payment of 5p. Earnings for the year were up from 31.4p to 41.5p per 25p share.

	1976 £000	1975 £000
Turnover	413,000	330,000
Pre-tax profit	20,997	14,771
Tax	10,412	7,614
Net profit	10,585	7,157
Minority profits	1,449	907
Extraordinary credits	†2,841	1,900
Retained	10,404	7,151

† Including exchange differences on retained profits of previous years £2,264,000 (£929,000) and realised profits on disposals £1,385,000 (£1,575,000) less tax £1,011,000 (£624,000) and minorities £33,000 (£50,000).

● comment

Even after allowing for exchange gains of say, £1m. or so, a 42 per cent. improvement in Taylor Woodrow's preliminary pre-tax profits after a rise in sales of a quarter was considerably better than expected. The shares rose 10p to 312p where they yield 3.3 per cent. After growing by 27 per cent. in the first half, pre-tax profits in the second six months are up by 50 per cent. With around two-thirds of profits coming from abroad, Taylor Woodrow's overseas business has benefited from the decline in sterling, but the group's heavy investment in the Middle East is starting to pay off and profits

£1.32m. at Robert McBride

AFTER AN increase from £0.48m. to £0.61m. at halfway, when the directors stated that they looked forward with confidence to another successful year, pre-tax profit of Robert McBride (Middleton) for 1976 advanced from £1.02m. to £1.32m.

Stated earnings per 10p share are 30.9p against 27.6p, and the gross final dividend is 3.3759p for a maximum permitted gross total of 6.7518p compared with 6.138p.

There were no extraordinary items, against £34,200, and the tax charge was £0.67m. compared with £0.47m. Profit retained was up from £1.33m. to £1.81m. Net assets are shown as £2.12m. (£1.64m.).

The company manufactures domestic detergents and bleaches, etc.

Tranwood turns in £208,784

FALLS IN turnover from £12.4m. to £8.46m. and taxable profit from £749,124 to £208,784 are reported by Tranwood Group for 1976.

Results are those of the continuing group as a going concern, being company and its subsidiary Bensons Hosiery (Holdings) and exclude the losses of Tranwood Limited and Tranwood Plastics disposals which were placed under the control of a receiver in December 1976.

Comparative figures for 1975 comprise combined results of Tranwood Limited and Bensons Hosiery (Holdings) prior to their merger in 1975.

Basic earnings per 5p share are 0.94p (3.61p) and fully diluted 1.31p (3.27p). There is no final dividend leaving the total of 0.325p (0.975p) net.

Tax took £11,168 (£424,169) and there are extraordinary debits of £910,017 representing amounts written off as a result of disposal or elimination of subsidiary companies.

Fife Forge chairman confident

With a substantial export order book and confidence in the contribution from acquisitions, Mr. Gavin Hepburn, chairman of The Fife Forge Company, the Kirkcaldy marine shafting specialists, tells holders in his annual report that there is every prospect of good results in the current year.

For 1976, turnover advanced from £2m. to £3m. and profit, before tax, was £537,000 against £217,000.

Mr. Hepburn adds that capital expenditure in 1976 amounted to £150,000, making a total of more than £400,000 during the past three years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abrasives International	Nil	—	0.84	0.56	1.4
British Printing	2.18	June 1	2.18	3.18	3.18
British Rollmakers	1.69	May 27	1.69	2.56	2.56
Brocks Group	1.75	July 1	1.56	3.01	2.81
J. Compton	1.3	July 1	1.18	1.69	1.33
Dixie Heel Company	0.36	July 1	0.34	0.7	0.64
Estates and Gen. Inv.	0.5	—	0.2	0.5	0.7
GKN	8.05	May 28	7.32	12.45	11.31
GRE	5.25	June 2	4.77	9.1	8.27
Harrison and Sons	2.27	June 1	0.76	3.76	3.24
Hiltons Footwear	3.19	June 1	2.5	4.35	3.35
Hoveringham	1.36	June 10	1.32	1.85	1.69
W. Lawrence int.	2.25	June 2	2	—	3.5
Robert McBride‡	3.39	—	3.13	6.75	6.14
Albert Martin	1.81	July 1	1.72	2.81	2.36
Morris and Blakey	2.35	—	2.36	4.11	4.11
News International	4.3	May 27	3.96	8	7.4
Phoenix Assurance	5.17	July 1	4.7	9.27	8.42
Ready Mixed Concrete	2.97	—	3.1	5.17	4.7
Rowan and Boden	0.68	—	1.07	1.18	1.07
Rowntree Mackintosh	4.81†	July 13	4.5	7.31†	5.76
Sanderson Kayser	2.59	July 1	2.36	3.93	3.58
Second Broadmount Tst. int	0.3	May 23	0.27	—	0.88
Startrite int.	1.2	May 23	1.0	—	3.12
W. H. Smith	6.67	July 4	6.06	9.76	8.87
Sun Alliance	9.25	—	8.41	18.05	16.41
Taylor Woodrow	5	July 1	3.73	6.8	5.04
Transatlantic Market Tst.§	34.42	April 29	19.59	34.42	19.59
Tranwood Group	Nil	—	0.98	0.33	0.98
Winston Estates	0.73	July 1	0.63	1.14	1.04
Yorkshire Spinners	2.06	June 1	1.5	2.06	1.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issue. ‡ Gross througout. § Net of Jersey tax.

News International at peak £15.62m.

FOR 1976 News International achieved an increase in profits from £13.46m. to a new peak of £15.62m., subject to tax of £8.13m. against £7.24m. Profit at halfway was ahead from £5.98m. to £6.61m.

The directors state that of the profit, £1.88m. (£0.73m.) was from associated companies, which largely comprising the share of the London Weekend Television profit and also the small profit on the group's U.S. operations.

The directors add that results can be considered satisfactory. However, they say, costs continue to increase in all areas and higher newsprint prices recently took effect.

The group's national newspapers in the U.K. are trading well, they say, and in other sectors results are currently ahead of 1976.

Publications in Australia are trading well in most areas, but profits are being affected adversely by the Government's tight anti-inflationary policies, they add.

In the U.S. all the indicators point to an improving economic climate and the group is optimistic that its publications there will prove a worthwhile long-term investment.

Turnover for the year rose by £22.32m. to £140.13m. Earnings are shown as 37.259p (30.88p) per 25p share and a final dividend of 4.3p net makes an 8p total compared with 7.4p.

● comment

A second-half profits rise of a fifth at News International has brought profits up by 16 per cent. in 1976. The strong contribution from associates reflects the 40 per cent. profits rise at LWT (in which NI holds 40 per cent.) and loss elimination in the U.S. Newspaper profits are higher although there could be some problems this year—NI has stopped promoting The Sun which is suffering production problems that could threaten growth. On the costs side, a 1p cover price increase in January should more than compensate for higher newsprint costs. Circulation of the News of the World, meanwhile, has dropped below 5m., although it is apparently holding its market share. Advertising, which accounts for about 30 per cent. of revenues, is firming up and giving strong support to the provincials. Elsewhere, ...alia has maintained its contribution and paper profits are strong, but could suffer this year when the lucrative gas contract runs out. NI's new U.S. interests (acquired out of cash flow and the sale of Beaverbrook interests) could be the growth prop of the ...e. The New York Magazine may produce a quick turnround to profits to feed the N.Y. Post ...group sees as eventually being another "Sun." At 164p NI shares yield 7.7 per cent.

Sanderson Kayser

STEEL and tool manufacturers, Sanderson Kayser maintained the advance made at midway from £0.37m. to £0.46m. and finished 1976 with a pre-tax profit of £893,685 against £739,782, near to 1974 peak of £906,328.

Turnover for 1976 increased by £1.3m. to £10.6m. Earnings per 25p share are shown as 6.89p (5.68p) and the dividend is lifted to 3.93p (3.58p) with a final of 2.59p net.

W. H. Smith profit advances by £4.4m.

AN IMPROVEMENT in pre-tax profit from £11.25m. to a record £15.23m. is disclosed by W. H. Smith and Son (Holdings) for the year to January 29, 1977, after a rise from £2.69m. to £3.23m. after eight months.

Full year earnings per share are up from 28.3p to 44p. The net final dividend is 6.665p for a total of 9.755p (8.868p).

Sales for the year were up from £265.77m. to £334.06m.

	1976-77 £000	1975-76 £000
Sales	334,065	265,770
Interest received	530	1,169
Depreciation	3,752	3,098
Associates loss	320	367
Pre-tax profit	15,227	11,251
Tax	8,467	6,446
Extraordinary credit	341	—
Attributable	7,468	4,801

* Paid.

Gross and net margins remained below those permitted by the Price Code.

The group retail businesses, with sales up 27.2 per cent. were adversely affected in the U.K. by the hot summer but benefited from a satisfactory Christmas trading period and the addition of 191,000 sq. ft. of selling space.

Wholesale turnover increased by 15.3 per cent. Profits improved as a result of the reorganisation carried out over the past few years and from a useful profit contribution by the book distribution division.

The tax charge of £8.5m. includes deferred taxation of £4.7m.

● comment

Up 35 per cent. pre-tax, W. H. Smith's 1976-77 profits are well ahead of even the most bullish estimates, and the shares jumped 16p yesterday to 446p. At this level the p/e of 9.9 is well below the retailing average and the shares still have some attraction despite a yield of only 3.4 per cent. covered 4½ times. A good Christmas period which allowed the group to take some advantage of its recent 15 per cent. retail expansion takes most of the credit for last year's growth but the wholesaling division also made a useful improvement. Increased labour costs could restrict wholesaling growth in the current year and the retailing expansion plans for 1976-77 are more modest with only a 5 per cent. addition to selling capacity planned. But since it takes around 12 months for a new store to reach profitability there should be a further substantial boost still to come from last year's openings. Moreover, with net cash balances currently standing at about £13m., the group is well placed to step up its expansion programme when opportunities arise.

ISSUE NEWS

F. Parker joins the OTC market

Frederick Parker, the family controlled Leicester-based construction equipment manufacturer is joining the over-the-counter market organised by M. J. H. Nightingale as from next Tuesday. This follows a placing of 1.23m. of Parker's shares with institutional investors at a price of 124p per 10p share. The new shares were issued in connection with the acquisition of six plant hire companies and buying out the 13 per cent. minority in the Canadian subsidiary.

The decision to make a market for the shares was taken for tax reasons. Parker intends to retain its private image (all the Board members are within the Parker family) but the company needed a market in the shares because of future capital transfer tax liabilities.

A Stock Exchange quote was ruled out because more shares would have had to pass out of family hands—under this arrangement they will still hold 90 per cent. of the capital.

In the year to September, 1976, Parker registered profits of £6.1m. pre-tax, an increase of 72 per cent. over 1974-75, but that has been described as phenomenal by the company because of the boost to margins from selling into the OPEC states. This year selling prices are under pressure and the company is forecasting profits of £5.5m., or earnings per share of 18.3p.

Around 70 per cent. of Parker's sales are directly exported though this proportion could rise to nearer 80 per cent. in 1977. There is also a small plant hire operation which chiped in profits of around £400,000 in 1975-76.

On the basis of the placing price Frederick Parker would have a market value of around £17¼m.

TAP STOCK

The list of applications for the issue of £800m. 9¼ per cent. Exchequer Stock 1982 opened and closed yesterday. The full amount of the stock offered has been allotted and all applications received from the public being allotted in full.

HUNT & MOSCROP

The rights issue by Hunt and Moscrop (Middleton) of 2.8m. shares on the basis of one-for-eight at 8p each has been taken up as to 94.1 per cent. The balance of 153,420 shares has been sold through the market and the net proceeds will be distributed to entitled shareholders.

مكرر من الأصل

GRE peak £61m—higher underwriting profits

UNDERWRITING PROFITS at Guardian Royal Exchange Assurance improved from £7.1m. to £9.3m. during 1976 and taxable profit increased from £49.6m. to a record £61.1m.

Stated earnings per 25p share rose from 20.3p to 24.3p and a final dividend of 5.2518p net raises the total from 8.27398p to 9.1013p—however, should the ACT rate be reduced to 33-67ths, an additional 0.16158p will be paid to maintain the equivalent gross distribution.

Underwriting profits were achieved in the U.K., Australia, Canada, Brazil, the Far East, West Africa and on overseas business written in London, report the directors. In Europe there has been no improvement: operations in Germany and Holland suffering from heavy storm damage, intense competition and lack of increases in rates, although this was partly offset by good results in France.

As a result of a change in Australian legislation and practice, the contribution made to the consolidated profit and loss account for 1976 by the short-term revenue profits from that country has been increased by £1.3m. (£0.8m. after tax). This is an extension to the Australian company of the policy previously applied to the accounts of the Canadian and German companies which are consolidated on the basis of accounts prepared in accordance with their own local legislation and practice.

	1976 £m.	1975 £m.
Short-term prems. written*	520.7	477.1
Investment income	58.5	49.2
Interest payable	6.7	6.7
Underwriting profits:		
Short-term†	3.8	2.1
Long-term	5.5	5.0
Profit before tax	61.1	49.6
Taxation	28.6	24.7
Net profit	32.5	24.9
Pref. div. & minorities	1.4	0.6
Available Ord.	31.1	24.3
Ordinary divs.	11.6	10.4
Retained	19.5	13.9

* Net of reinsurance. † Fire, accident and marine.

The marine and aviation account returned a useful profit but conditions in that market in the U.K. still give cause for concern. However, the recent tragic accident at Tenerife is not expected to result in any significant cost to the company.

The life figures have been excellent and the bonuses of the principal life fund—Guardian Assurance Company—were increased last December, they add.

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—British Industrial Holdings, Ingall Industries, London Scottish Finance, Mitchell Cotts.

Finals:—Berwick Timpo, Brittains, Carron, Louis C. Edwards (Manchester), Tehidy Minerals, E. Upton.

FUTURE DATES

Interims:—	
Howden Group	April 29
Messina (Transvaal) Develop.	April 15
Pahang Consolidated	April 11
Ransome Hoffmann Pollard	May 24
Finals:—	
Alva Investment Trust	April 14
Armitage Bros.	April 15
Brandord Group	April 14
Croda International	April 14
European Ferries	April 19
Gill and Duffus	April 29
Jerome (S.)	April 12
Leslie and Godwin	April 21
London Pavilion	April 14
Matthews Wrightson	April 14
Pearson (S.)	April 29
Barrow Parsons	April 1?
Itaol Harvesters	April 21
Watts Blake Bearne	April 17

Extra Pearl payment possible

The directors of Pearl Assurance Company announce that in view of the possible change in the basic rate of income tax for 1977-78, an additional payment is possible if the reduction in related tax credit is below 35-65ths, but not below 33-67ths.

A net final dividend of 7.41771p is due to be paid in June, making a 1976 total of 11.26771p (10.24337p). Net profit for that year was £4.72m. (£3.81m.).

Transatlantic Market Trust

Doubled pre-tax income of £488,914 against £245,186 was achieved by Transatlantic Market Trust for the year to March 10, 1977.

The dividend is stepped up from 19.59p to 34.43p per 1p participating share.

Jersey tax took £99,735 (£50,814) leaving the available balance at £353,200 (£230,350) after debiting equalisation payments of £35,839 (credit £35,973).

Estates & General improves

PRE-TAX profit of Estates and General Investments expanded from £177,953 to £250,604 in 1976 on turnover well ahead from £467,803 to £1,110,688. This follows a profit decline from £85,370 to £75,000 at midway.

Yearly earnings per 20p share are 1.04p (1.72p) before extraordinary items and 1.04p against 0.89p after such items. The final dividend is 0.5p net for an 0.8p (0.7p) total.

Pre-tax profit is stated after losses of £65,013 in respect of hotel trading and includes £1,118 being the group's share of profits of associated companies.

	1976 £	1975 £
Turnover	1,110,688	467,803
Pre-tax profit	250,604	177,953
Tax	140,876	1,961
Extra-ord debits	—	80,975
Minorities	158	243
Available	109,580	94,733
Retained	25,906	18,054

Morris & Blakey better second half

A decline in taxable profits from £379,045 to £284,929 is reported by Morris and Blakey Wall Papers for 1976. At halfway profits were more than halved from £209,551 to £101,463, and the directors said they expected the second half to show an improvement.

The dividend total is held at 4.11p with a final of 2.38p net on yearly earnings of 3.57p (7.99p) per 25p share.

	1976	1975
Turnover	7,660,415	6,989,893
Assoc. loss	4,148	*3,014
Debenture interest	11,373	12,156
Depreciation	151,410	138,131
Pre-tax profit	284,929	379,045
Tax	185,717	158,533
Extra-ord. credit	67,329	†24,123
Retained	52,392	84,072

* Profit. † Debit.

Record £24.5m. at Phoenix

Profit before tax of Phoenix Assurance Company improved from £18.2m. to a record £24.5m. during 1976. The general underwriting loss increased from £7.8m. to £9.4m.

Earnings per share increased from 20.8p to 21.5p and the final dividend of 5.167p net lifts the total from 8.424p to 9.260p per 25p share.

In the U.K. the property account incurred a loss after providing £1.7m. for subsidence claims. Private car business showed a modest surplus but commercial vehicle and liability insurance an underwriting loss.

The improvement in the group's Canadian business has continued. In Australia the loss has been substantially reduced. With the exception of Denmark, results in Europe were disappointing, state the directors.

The U.S. made an increased loss by comparison with the previous year but the fourth quarter's results were more encouraging, they add.

Pre-tax profit was struck after investment income £32.2m. (£24.3m.), general underwriting loss £9.4m. (£7.8m.), long-term underwriting profits of £1.8m. (£1.7m.) and expenses £100,000 (£500,000).

Net profit was £12.6m. (£11.1m.) after £9.6m. (£5.1m.) tax and minorities.

Premium income was split as to general £323.4m. (£245.3m.) and long term £50.8m. (£42.8m.).

Claims as a percentage of earned premiums were 79.8 (77.8) and expenses of written premiums 27.4 (28.8).

Of the premiums written, the U.K. and Ireland contributed £134.6m. (£109m.), Europe £51m. (£32.7m.), the U.S. £70.2m. (£50.3m.), Canada 24.7m. (£17.7m.) and elsewhere £42.9m. (£35.8m.).

A reversionary bonus of £4.75 per £100 sum assured has been declared for the year.

The interim bonus on claims by death for 1977 will be at the same rate.

For policies entitled to participate in profits which become claims by death or maturity before the end of 1977 (or until previously determined otherwise) there will be a terminal bonus of £0.65 per £100 sum assured for each year prior to 1967 for which the policy was entitled to participate in profits.

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Morgan Grenfell advance

Morgan Grenfell Holdings, the merchant banking group, reports group profits for 1976 of £2.5m. after tax and transfers to inner reserves, compared with £2m. in 1975. A one-for-four scrip issue is proposed.

In his annual statement, the chairman, Mr. J. E. H. Collins, says that the export credit activity of banking division remained throughout the year at a high level and the group has become increasingly involved in the finance of major international projects.

The corporate finance division achieved record results, playing its full part in the sterling equity new issue market, in new flotations and the revival of takeover and merger activity. In the investment division, funds under management continued to grow.

All the overseas banking subsidiaries earned better profits.

A final dividend of 3.333p, making 5.833p, is to be paid. The balance sheet totals increased by £162m. to £698m. in 1976. Loans, advances, acceptances and leased assets increased in aggregate to over £330m., compared with £270.5m., and a high degree of liquidity was maintained.

JERSEY TOOLS

Jersey Fine Tools, a company manufacturing engineers' cutting tools in Jersey C.I. has been purchased for £190,000 cash by Yarker Holdings of Sheffield.

Sun Alliance £2.2m. increase

Premium income from fire, accident and marine business at Sun Alliance and London Insurance expanded from £348.26m. to £426.13m. during 1976 and pre-tax profit was up by £2.25m. to £37.84m.—fire and accident showed an underwriting loss of £11.02m., compared with £0.45m. last time.

Stated earnings per £1 share are 44.14p (42.98p) and the dividend total is stepped up from 16.405p to 18.045p net with a final of 9.245p. If the tax credit rate becomes 33/67ths, the directors intend to pass the benefit to holders by way of a 0.284p deferred final to maintain the equivalent gross amount.

As already foreshadowed, the year's underwriting results have been seriously affected by subsidence claims, many of which are not yet settled but for which the company has paid or provided £13.6m.

In addition, the severe storms in early 1976 caused company losses totalling £4m. in the U.K. the rest of Europe and Canada, the directors add.

While there were underlying improvements from several sections of home business, in the home accident account there was a deterioration in claims experience in some of the liability classes which again resulted in an underwriting loss.

Overseas, a satisfactory profit was produced in Australia and results in Canada showed a further improvement, while U.S. non-marine business was less unprofitable than in 1975. Although underwriting conditions deteriorated in some territories there was an overall underwriting profit on overseas business.

The 1974 marine, aviation and transport account closed with a loss but after bringing in savings in the settlement of claims from earlier years it has not proved necessary to make a transfer from profit and loss account. The marine fund increased from 138.3 per cent. to 143.1 per cent. of the year's premiums.

The valuation of the main life fund as at December 31, 1976, resulted in an increased transfer of profits to shareholders.

Investment income, which gained from higher interest rates and exchange appreciation as well as from the proceeds of the rights issue in June, 1975, rose by 35.8 per cent.

	1976 £000	1975 £000
Premium income.—		
Fire, accident, marine	426,126	348,256
Underwriting transfers:—		
Fire and accident loss	11,019	454
Marine, aviation, transport	—	—
Long-term insurance profits	2,139	1,589
Investment income	46,709	34,408
Other income	138	159
Total	37,969	35,731
Loan stock interest	131	139
Pre-tax profit	37,836	35,592
Taxation	15,931	15,890
Net profit	21,905	19,702
Minorities	142	178
Attributed	21,763	19,524
Dividends	8,896	8,058
Retained	12,867	11,436

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GKN £28m. up: £67m. cash call

ANNOUNCING 1976 taxable profits £28.1m. ahead at £97.75m. Guest, Keen & Nettlefolds is calling for some £66.8m. to be raised by means of a rights issue on the basis of one-for-five at 265p. At midway profits were £7.03m. higher at £43.12m.

The directors report that the capital investment programme which has taken place in recent years is continuing: in the last two years £130m. has been spent on capital developments, of which £101m. went on U.K. projects. The new rod mill and mini-steel plant in South Wales together accounted for £36m. Projected capital expenditure for the current year amounts to £95m. Some £65m. of this is for the U.K., including the first £15m. of an estimated £48m. replacement cost of the Brymbo steelworks billet rolling mill.

They explain that working capital requirements are also continuing to increase due to the high rate of inflation and the growth of the group.

Earnings for 1976 are up from 16.8p to 24.8p per £1 share or from 30.3p to 37.8p prior to additional depreciation for inflation. The total dividend is stepped up from 11.31964p to 12.4516p with a final of 8.0472p net. It is the intention of the Board, given satisfactory results for 1977, to pay a total 15.5645p on the increased capital. In the context of the rights issue the Treasury has given its consent for this 25 per cent. rise.

On prospects for the current year the directors say the group has made a stronger start than in 1976, although there has been some slackening in demand from the levels achieved in the latter part of that year. Group sales are expected to show some volume improvement and this should enable benefits from the "considerable" expenditure of recent years to be reflected in profits.

The automotive sector was on budget for the first two months of this year, and should recover any ground lost in recent weeks due to industrial disputes in the U.K. motor industry, given reasonable stability for the remainder of the year. European automotive component operations are continuing their strong performance of 1976. Outside Europe, overseas activities continue to suffer from adverse economic conditions, although a modest improvement in demand is expected by the 50 per cent. owned John Lysaght (Australia).

The cost of purchasing 24.98 per cent. of Sachs AG was DM110m., financed by borrowings outside the U.K. The purchase of a further 50.01 per cent. is dependent upon the outcome of an appeal to the West German federal supreme court by the federal cartel office. GKN is confident that the clear and categorical decision by the lower Court will be upheld. Both sides intend to expedite the hearing of the appeal and GKN hopes to have a final decision well before the end of the year. The cost of a further 50.01 per cent. will be approximately DM220m., which will also be financed by borrowings outside the U.K.

Total sales of £1,683m. for 1976, while not representing substantial improvement in volume, were somewhat better than expected early in the year despite the deepening depression in the world steel industry and unfavourable trading conditions in many areas of the world. The ratio of surplus to sales remains unsatisfactorily low, say the directors, reflecting the cumulative effect of the price restraint of recent years and weak market conditions.

The proportions of turnover (excluding associated companies but including intra-group sales) and profits attributable to the principal classes of business in 1976 were (£m.): Primary metal products 275 and 23; Automotive components 639 and 52; Wholesale and industrial distribution 294 and 18; General and civil engineering products and services 475 and 15; Less intra-group sales 182.

New ordinary shares have been provisionally allotted to ordinary holders registered March 28. Dealings will begin on April 13.

The issue price is payable in full on acceptance not later than May 3. The issue has been underwritten by Morgan Grenfell and Co. and N. M. Rothschild and Sons. Brokers to the issue are Rowe and Pitman, Hurst-Brown and Smith Keen Cutler. An explanatory letter, together with renounceable Provisional Allotment Letters, will be posted to holders on April 12.

	1976 £m	1975 £m
External turnover	1,501.21	1,214.16
U.K. companies	1,015.12	854.42
Overseas companies	483.09	359.74
Surplus on trading	155.32	122.78
Historic deprec. values	31.568	26.47
Deprec. add for inflation	15.73	15.42
Leaving surplus	107.91	80.59
U.K. companies	69.76	52.77
Overseas companies	38.15	28.16
Invest inc. & int. recvble.	2.95	1.90
Interest payable	23.66	19.93
Share of assoc.	10.35	9.79
Profit before tax	97.75	69.65
Taxation	61.43	47.10
Minorities	5.01	2.45
Extraord. debits	1.02	1.22
Available	30.29	18.93
Dividends	15.69	14.37
Retained	14.60	4.35

At January 1, 1977, group fixed assets amounted to £457.2m. £401.03m.) and net current assets £310.01m. (£248.23m.)

Capital expenditure of subsidiaries sanctioned and outstanding at January 1 was £83m. (£49m.). Contracts placed against these sanctions so far as not provided for in the accounts amounted to £20.2m. (£22.5m.).

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Rowntree Mackintosh 36.3% ahead at £30.9m.

A SHARP INCREASE in second-half pre-tax profit from £16.28m. to £21.8m. put Rowntree Mackintosh £8.13m. ahead at £30.9m. for the year to January 1, 1977, an increase of 36.3 per cent.

Sir Donald Barron, the chairman, says that the major uncertainties for the future lie in the areas of consumer reaction to higher prices and increasingly restrictive price controls in some countries. It would be unwise to forecast the outcome for 1977 in the face of these uncertainties, he says.

However, in the first seven years of the 1970s, profits have more than doubled in real terms, he adds. Over the same period capital expenditure has totalled £60m. and large sums have been invested. Brand strength and market shares give cause for confidence, and plans are for continued growth in all divisions, members are told.

Stated earnings per 50p share, taking last year's Rights issue into account, are 37p compared with 27p, and the dividend total is raised by this maximum permitted from 3.76p to 7.3125p with a net final of 4.8125p.

	1976 £000	1975 £000
Turnover	[illegible]	[illegible]
Trading profit	36,794	[illegible]
Net interest	5,887	[illegible]
Profit before tax	30,907	[illegible]
Taxation	14,373	11,290
Net profit	16,534	[illegible]
Minorities and pref.	1,791	[illegible]
Attributable	[illegible]	[illegible]
Extraord. credits	2,119	[illegible]
Making	[illegible]	[illegible]
Ord. dividends	[illegible]	[illegible]
Int.	[illegible]	[illegible]
Final	[illegible]	[illegible]
To reserves	[illegible]	[illegible]

The basis of valuation of stocks has been changed to conform with SSAP9. The effect of the change for 1976 is not material, but for 1975 it increases trading profit by £1.01m., and comparative figures have been adjusted accordingly, it is stated.

Extraordinary items consist of credit on revaluation of overseas currencies £2.42m. and profit on sale of investments £350,000, less increase in provisions against value of quoted investments £654,000, the chairman states.

Sir Donald says the group had an excellent year in 1976 in a very competitive trading environment and against an uncertain economic background in many areas.

Sales values and profits rose in real terms, sales volumes were higher, brand strength increased, a large fixed asset investment programme was carried through and capacity use and employment were at a high level, he adds.

He goes on to say that sales at £585m. were 21.5 per cent. up. Sales outside the U.K. contributed 49 per cent. of the total compared with 45 per cent.

Profits at the trading level also rose by 21.5 per cent. to £36.8m. Interest charges were down by some £1.7m. as a result of lower world interest rates, a strong cash flow and the successful Rights issue.

The fixed asset investment programme cost £16.1m. (of which £1.9m. was leased) compared with £5.1m. (£2.7m. leased) in 1975. Inevitably inflationary pressures and higher raw material costs raised stocks and debtors, but the net increase in working capital was well contained at £9m. Internal cash generation at £29m. was substantially higher than in the previous year, and with the £12.4m. proceeds of the Rights issue, total cash flow was over £37m. Group borrowings were reduced by some £18m. it is stated.

Sir Donald reveals that the group plans to spend some £63m. over the next three years on fixed assets alone.

Dramatic changes took place in the cocoa market and prices tripled during 1976, Sir Donald says. The policy of carrying substantial forward cover was amply justified and has been continued, he adds. This had the effect of postponing the effect of these increases on consumer prices. The group's requirements for 1977 and part of 1978 have been satisfactorily covered, he states.

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CompAir bond approved

A U.S.$10m. issue of CompAir 8½ per cent. Convertible bonds, 1987, was approved by the shareholders at the EGM.

The chairman, Mr. Niall Macdiarmid, said the issue provided foreign currency on terms which would significantly strengthen the financial position. Some $5m. of the proceeds would be used to restructure existing foreign borrowings, and the balance invested on a short term basis pending further expansion or acquisition abroad.

The issue has been placed at par with international investors by Morgan Stanley International. Conversion terms are related to a market price of 82p per Ordinary share (at an exchange rate of $1.719 per pound sterling) and are weighted to discourage conversion during the first five years.

Harrison & Sons recovery

A TURNROUND from a loss of £340,000 to a pre-tax profit of £106,000 was achieved by printers Harrison and Sons in 1976.

At halfway when a recovery from a loss of £245,000 to a £3,000 profit was reported, the directors said they expected the improvement to continue.

They now say that the group is on a firm and reliable basis to meet present trading conditions and further progress is expected.

Yearly earnings per 25p share are 1.73p (10.14p loss) and the dividend total is returned to 3.753p (2.244p)—the level of 1974—with a final payment of 2.27p net.

	1976 £000	1975 £000
Group turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Extra-ord. items	[illegible]	[illegible]
Prior-year item	[illegible]	[illegible]
Minority interests	[illegible]	[illegible]
Leaving	[illegible]	[illegible]
Dividends	[illegible]	[illegible]
Pref.	[illegible]	[illegible]
To reserves	[illegible]	[illegible]

* Loss. † Credit. ‡ From reserves.

Allen Harvey and Ross

Mr. M. E. R. Allsopp, chairman of bill brokers Allen Harvey and Ross tells members in his annual statement that the company starts the current year with the expectation of further falls in interest rates and the asset side of the balance sheet shows little change on the position last year. At February 5, 1977, the company had an investment of £80m. in the gilt-edged market, which was being held for capital appreciation. The holding of local authority and public board debt has increased by £13m. to £28m. which the directors believe will strengthen running profits. They have made a further significant reduction in the tax equalisation account from £817,019 to £246,977 and since the reporting date this account has moved into credit. On the other side of the balance sheet carry forward from profit and loss account has been increased from £226,697 to £319,706 and total capital and published reserves have again risen above the £4m. mark.

As already reported profit for the year amounted to £696,668 (£714,573). Mr Allsopp says this can be considered extremely satisfactory. The beginning and the end of the year were the only two profitable periods and at both times the portfolio was suitably adjusted to make optimum profits. The profits made in four months of the year were more than enough to offset the losses sustained in the other eight months.

On or before October 1, 1977, the directors will be redeeming the 4 per cent. Redeemable Cumulative Preference Shares and accordingly are taking the opportunity to examine the company's capital structure and see how it would be best equipped to meet the future.

Last year the most exciting side of the business was that concerned with the public sector. The large number of Treasury Bills on offer enabled the company to maintain a big turnover and to increase connections with the ever more sophisticated dealers in short term money market instruments. Similarly, when the authorities were able to start funding their borrowing requirement, attractive opportunities occurred in the gilt edged market.

The private sector was again influenced by an overall lack of loan demand and the bank bill market has been hit by the new regulations covering sterling loans to finance trade between third party countries. There are signs, however, that some of this business will reappear in the form of foreign currency bill which the directors hope will produce extra business in 1977/78.

Higher profit from Winston Estates

Turnover of Winston Estates dropped from £314,204 to £308,[illegible] during 1976 and profit was up from £142,517 to £173,437 before tax of £61,057, compared with £69,784.

In the first half profit was £79,111, against £99,772 which included a £41,092 surplus on sale of rental property.

For the year earnings per 25p share are shown to be 2.04p (1.32p). The final dividend is 0.734175p for a total of 1.140425p (1.03675p).

Hoveringham advances to record £2.17m.

For 1976 profit before tax of Hoveringham Group rose to a record £2.17m. against £1.57m. after being ahead at halfway from £0.64m. to £1.23m.

Earnings per 25p share are shown as 5.65p (3.46p) and the dividend is stepped up to 1.8623p (1.693p), the maximum permitted, with a net final of 1.3623p.

The extraordinary credit for 1976 of £9,377 included a surplus of £123,175 from realisation of fixed assets, interest received relating to prior years £825, a surplus on redemption of debentures £284,906 and a transfer of £399,329 to goodwill account.

	1976 £	1975 £
Turnover	30,565,690	26,010,130
Trading surplus	3,393,451	3,189,082
Interest paid	269,609	324,072
Depreciation	773,924	945,708
Land depletion	192,510	157,550
Associated company	13,147	38,852
Profit before tax	2,167,555	1,548,604
Taxation	1,061,460	839,294
Net profit credits	1,106,095	708,310
Extrabrd. credits	9,377	15,378
Available	1,115,472	724,688
Pref. dividends	85,750	85,780
Ordinary dividends	336,069	305,517
Retained	693,653	333,421

● comment

A sharp slump in volume sales of both aggregates and concrete, left Hoveringham's profits virtually unchanged in the second half of 1976, after a 91 per cent. jump at half-time. The drop in *volume reflected an abrupt fall-off* in demand from the public building sector as Government spending cuts took effect. The full impact of these must be still to come and that casts a dark shadow over current year prospects, even though the group appears to be widening its share of the ready-mixed concrete sector. Hoveringham does have *a strong balance-sheet, though,* with bank balances still showing a credit of around £0.9m., and its vertical integration, from sand and gravel through to ready-mixed concrete, puts it in a good position to benefit from any upturn in the building materials sector. In view of this, the restricted voting shares at 33p, on a p/e of 5.6 and a yield of 9 *per cent., look fairly rated.* Wimpey, through one of its subsidiaries, has recently built up a 25 per cent. stake in the restricted voting shares but the group is a close company and a takeover is *entirely dependent on the consent* of the chairman and his family.

Profits slump at Abrasives International

Pre-tax profit of Abrasives International for 1976 slumped from £85,505 to £6,061 on turnover ahead from £1.84m. to £2.3m. At halfway, reporting a decline from £54,000 to £45,000, the directors said that profit for the year was "unlikely to be significantly in excess of that for the half year."

Against a forecast that, in the absence of unforeseen circumstances, the directors expected to maintain the total dividend at last year's 1.4p net per 10p share, there is no final dividend. The interim was 0.56p. Stated earnings fell from 1.92p to 0.15p.

The directors now state that action has been initiated to improve the group's performance. Some beneficial effects of these remedial measures are becoming apparent, but it is still too early to indicate whether or not the company is on the way to complete recovery, they add.

There was a tax credit for the year of £420, compared with a charge of £36,429. Profit attributable to the company was £5,505 (£46,104) after minorities.

The directors say that the "very disappointing" result is mainly attributable to the company's inability to pass on suppliers' increased prices, export sales for the period not achieving expectations, and inefficiencies within machine engineering.

Bury & Masco

The next year's report will again show improved results, forecasts Mr. B. L. Allen, chairman of Bury and Masco (Holdings) in his annual statement—the spread of use of the company's products is wide enough to hedge against all but a general recession.

As known, pre-tax profit for 1976 was £0.87m. (£0.73m.) from turnover of £11.08m. (£8.38m.). Exports accounted for 16.4 per cent. of turnover and the home market 70.3 per cent.

Cash balances decreased by £0.41m. (£35,000 increase) and short-term deposits were down by £0.23m. (the same increase).

Throgmorton Trust holds 14.35 per cent. of the Ordinary.

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 9¼ per cent. (since March 31, 1977)

Day-to-day credit was in slightly short supply in the London money market yesterday and the authorities took the opportunity *to give a signal on interest rates.* They gave a large amount of assistance by lending a moderate amount for seven days and a moderate amount overnight to one or two discount houses, at Bank of England Minimum Lending Rate of 9¼ per cent. The lending for seven days was an indication that the authorities are looking for restraint at the weekly Treasury bill tender to be held to-day.

Discount houses buying rates for three-month Treasury bills finished at 8$\frac{13}{32}$-8⅜ per cent., indicating that the market is interpreting the signal as an acceptance that Minimum Lending Rate will fall by ½ per cent. to 9¼ per cent. this afternoon.

Banks carried forward rundown balances, there was a net market take-up of Treasury bills, and the authorities held substantial numbers of maturing local authority bills. The market was also faced with an excess of revenue payments to the Exchequer over Government disbursements.

Discount houses paid up to 9¼ per cent. for secured call loans. Opening rates were around 9 per cent., but closing balances were taken at 4-6¼ per cent.

In the interbank market overnight loans opened at 9-9¼ per cent., and declined to close at about 4 per cent.

Rates in the table below are nominal in some cases.

April 6 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine trade Bills ϕ
Overnight	—	4-9¼	—	—	—	9⅜	4-9½	—	—	—
2 days notice	—	—	8¾-9	—	—	—	—	—	—	—
7 days or										
7 days notice	—	8¾-9⅛	8⅞-9	—	8⅞-9⅛	—	8¾-9¼	—	—	—
One month	[illegible]	8⅝-9	8⅞-9⅛	[illegible]	[illegible]	—	[illegible]	[illegible]	8⅞	10¼-10
Two months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	10⅛-10
Three months	[illegible]	[illegible]	9-9⅛	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	10
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	10¼	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. [illegible]

Finance House Base Rate (published by the Finance Houses Association) [illegible] per cent. from April 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

هكذا من الأصل

;S AND DEALS

ɅIlied Breweries buys ɹondon hotel group

Coope Hotels, the hotel com- of Allied Breweries, has ed the privately-owned Em- Hotels (Hyde Park) for a ,eration of £3.8m. satisfied - allotment of 5,406,227 new ary shares of 25p in Allied.

Embassy Group comprises hotels, three apartments, ı package of other smaller rties in London and the east. Biggest of the three ; is the London Embassy, ooking Hyde Park. The 's are the Embassy House l and Embassy Court.

:. C. Bond, Ind Coope Hotels aging director, said: "All the :ators are that London is due an increasingly busy time on tourist front, and we are now equipped to take advantage his opportunity."

he company is taking over bassy Hotels (Hyde Park) as :oing concern.

ONDON ELECTRICAL CCEPTANCES

Guinness Peat Group has ;eived the following acceptances its offers for the capital of ndon Electrical and General ust as increased by the recent :ip issue: 35,961,426 existing and w ordinary shares: £176,260 minal of 3.15 per cent. cumula- e preference stock; and £176,300 minal of 4.2 per cent. cumula- e preference stock.

Together with 258,000 existing :l new ordinary shares of :.G.T. owned by Peat before the ers were announced, shares and ck represent 95.82 per cent. of · increased ordinary capital, 92 per cent. of the 3.15 per cent. ference and 97.94 per cent. of 4.2 per cent. preference stocks. The offers have become uncon- onal in all respects and will :ain open. The cash alternative. ever, is closed.

GO/CAVENHAM

Générale Occidentale, Sir James Goldsmith's French master com- , whose projected £61m. bid he 49 per cent. it does not in the British food group, ham, was dropped recently, rday made a brief statement ving a rise in the Cavenham · price. The shares were ıp at 126½p yesterday, making :-day rise of 6½p.

: said that ;as a result of undue activity in the shares avenham, Générale Occiden- wishes it to be known that not in formal discussion with Board of Cavenham with a to making an offer for the landing minority.

However, Générale Occidentale its advisers are considering what action, if any, can be taken to resolve the present situation."

GO announced at the end of January its intention to bid 120p a share for the rest of Cavenham. When the bid plan was with- drawn, to the disappointment of some big City shareholders, in- cluding Prudential Assurance, the gap had not been bridged be- tween the 140p a share backed by GO's advisers, and the 180p wanted by the advisers to the Cavenham independent directors, though the latter were prepared to negotiate below 180p. Later talks have taken place between Sir James and a senior representa- tive of the Prudential.

MEYER EXPANDS IN EUROPE

Montague L. Meyer has acquired through a newly formed wholly owned subsidiary, Montague L. Meyer (Nederland) BV, the capi- tal of Centraal Europeesche Hout- industrie BV, a leading importer of softwood and hardwood.

Mr. Lesser is to continue to serve the company as managing director, and Mr. M. J. Meyer has joined the Board.

Consideration payable wholly in cash was Fls.12m. (£2.8m.), which has been financed by seven-year loans in guilders from Barclays Bank International and Bank Mees and Hope NV, at floating rates of interest with an option to convert a part into fixed-rate financing and with an initial interest cost of 7? per cent. per annum.

The audited financial state- ments of Centrop for 1976 show a profit of Fls.1.8m. (with no lia- bility to taxation) and net assets. adjusted to include the Price Equalisation Reserve, of Fls.10 [illegible]

STANNEYLANDS

Greenall Whitley and Co. has acceptances for 2.3m. Ordinary shares (86.73 per cent.) for the whole of the issued share capital of Stanneylands Group.

Greenall Whitley beneficially held 301,150 Ordinary shares in Stanneylands (10.04 per cent.) prior to the offer period. This holding, together with the acceptances represents 88.12 per cent. of the issued share capital of Stanneylands.

The offer has been declared un- conditional as regards acceptances and the other conditions of the offer have been satisfied.

The offer remains open for further acceptances.

KENKAST

Mr. J. K. Dutton has resigned as director and secretary of Kenkast but will act as a con- sultant to the company until July 30, 1977. Mr. K. Stockton has been appointed secretary of the company.

Mr. Stockton has entered into a contract to acquire 106,203 Ordinary shares in Kenkast from Mr. Dutton and his wife, at a price of 10p per share, for com- pletion on or before May 31, 1977. following completion of this con- tract, Mr. Stockton and his family will hold 1,231,026 Ordinary shares in the company (58.66 per cent.).

ULTRA FORECASTS RISE TO £1.5M.

Details of the Scheme whereby Dowty Group is to merge with Ultra Electronic have been sent to shareholders. As known, Ultra shareholders will receive two Dowty shares or 210p cash for every share held.

In recommending the terms, Ultra is forecasting pre-tax profits for the current year of £1.5m., compared with £903,000 in the previous period.

Shareholders are told that it is the policy of Dowty to maintain and develop Ultra's existing organisation and business as the electronics division of the group. No management changes are envisaged apart from certain Board appointments within the group.

It is expected that the Scheme will become effective on May 27 providd it is first approved by Ultra shareholders in the High Court.

Shareholders of Ultra 7½ per cent. Convertible Unsecured Loan stock, 1989-94, are also recom- mended to accept terms of a Scheme which will give them two Dowty shares or 210p cash for each 90p nominal of stock.

METAL INDS.

Metal Industries (a subsidiary of Thorn Electrical Industries) has bought on behalf of its sub- sidiary, Tyne and Wear Electrical Company, the business of Border Rewinds of Carlisle.

This minor acquisition widens the national coverage for all types of electrical repair work within the Metal Industries Group and will improve significantly the service available to the North- West.

It is intended that the business of Border Rewinds will be expanded.

VULCANITE

Ruberoid is to make an agreed bid of 65p cash per share for the 61 per cent. Preference shares of its subsidiary Vulcanite not al- ready owned. Ruberoid owns all the ordinary and 33.5 per cent. of the preference of Vulcanite.

NEB backing for Francis Shaw

The National Enterprise Board is to invest £1¾m in Francis Shaw and Co., the Manchester-based manufacturers of machinery for the rubber and plastics indus- tries, under terms which will give it a 30 per cent. stake in the company.

The Board said yesterday that discussions on about another 10 industrial investments in the North-West region were also taking place.

Francis Shaw reported pre-tax profits of £432,360 for 1976, com- pared with £421,869 the previous year. It commenced a programme of product diversification in the early 1970's to lessen its depen- dence on the tyre industry.

The company says that the new funds are required to continue that programme and take advan- tage of export sales opportunities, but it also admits that because of its high borrowings, "it would not be practicable to raise by means of a rights issue or a placing with institutional inves- tors as much new capital as will be provided by NEB."

Under the proposals, which are subject to shareholders' approval, the NEB will provide £750,000 immediately, partly by subscrib- ing for a block of a new class of Preferred shares carrying a fixed net dividend of 18.5 per cent. The shares are convertible into equity in 1978 or thereafter, on a one-for-one basis at the option of the NEB. The Board will also sub- scribe for £204,000 of convertible loan stock. In addition, a loan facility of £1m. will also be pro- vided, with repayments spread over 10 years.

ROSEHAUGH

Rosehaugh Co. has purchased 181,300 Rosehaugh Tea (Holdings) Ordinary at 8p per share. This represents 22.7 per cent. of the issued share capital. Together with its existing holding of 292,000, this brings its investment in Rosehaugh Tea to 59.2 per cent. An unconditional offer will be made to all other shareholders at 8p per share.

MCKECHNIE PURCHASE

The metals and engineering group McKechnie Brothers has acquired the Derwent Industrial Plastics Group of York for an initial consideration of £850,000. The balance will be based on Derwent's results for the next 28 months.

UKO WILLMOTTS

The offers by UKO International for the pref. and Ord. shares of Willmotts (Investments) have been declared unconditional, and remain open.

Acceptances have been received in respect of 74,680 Ord. shares (94.38 per cent.) and 27,372 pref. (89.81 per cent.).

SHARE STAKES

Aberdeen Trust now holds 30,000 cum preference shares in Capital and National Trust.

Mr. Cecil Charles Cooper has bought 600,000 Cooper Industries ordinary shares (1.94 per cent.).

Davis Investments (Jersey) beneficial holding of Burma Mines shares has increased from the previously reported 2,572,300 shares to 2,7?,500 shares (20.07 per cent.).

Borelli Tea Holdings has re- ceived notice from Purbeck Group that its total holding is 66,750 [illegible]

Mr. Peter C. Colling, director of Albert Fisher Group, holds 2,159 shares and Mr. M. Guy Litt, a director, acquired 12,300 shares on March 11 at 7p and 12,300 on March 21 at 7p.

Scottish American Investment holds 530,000 [illegible] and Cale- donian Investment 5 per cent. [illegible]

Mr. W. D. Hurlock now holds [illegible]

Midland Bank Trustee Company holds as trustees 1,082,500 W. H. Smith and Son Holdings "B" ordinary shares (7.63 per cent.).

Throgmorton Street nominees are the beneficial owners of 322,500 George M. Whiley shares.

Following the recent disposal of 100,000 Gough Cooper and Com- pany shares and a rearrangement of certain settlements, Mrs. V. M. Gough-Cooper is interested in 1,138,430 shares (14.7 per cent.) of which 373,580 are held by trustees, of which she is the first named, for members of her family.

Miss J. Gough-Cooper has an interest in the trust of which Mrs. V. M. Gough-Cooper is the first named trustee and is herself in- terested in 365,530 shares (4.7 per cent.) including 301,130 shares held non beneficially.

Guinness Mahon and Company has agreed to buy on behalf of British Car Auction 78,358 Nationwide Leisure Ordinary shares for cash at 9.75p per share.

Yesterday's announcement of the purchase by Guinness Mahon of 46,790 Nationwide Ordinary shares should have read that these were bought for cash at 9.918p per share and not at 10p per share.

Following a purchase on March 30 of 10,000 Antofagasta (Chile) and Bolivia Railway 5 per cent Cum. Pref. stock, Brierley Invest- ment and its subsidiaries now holds 11.36 per cent. of the voting capital.

British Steam Specialties Group announces that Mr. G. W. Bone (a director) has purchased 500 Ordinary shares in the company.

Jokai Tea Holdings has pur- chased a further 37,500 shares in Walter Duncan Goodricke bring- ing total holding to 203,211 shares (18.25 per cent.).

British Borneo petroleum syndi- cate announces that Consolidated Gold Fields has increased its interest in the company by 20,000 shares and now holds 1,168,500.

Barlows announces that Allied Leather Industries has purchased a further 25,000 Ordinary shares in the company, bringing total holding to 41,210 shares (14.21 per cent.).

RESULTS AND ACCOUNTS IN BRIEF

MUNICIPAL PROPERTIES—Dividend [illegible]

PATANI PARA PLANTATIONS—Total income [illegible]

BATU MATANG RUBBER PLANTA- TIONS (1921)—Total income [illegible]

SCOTTISH ICE RINK (1928)—Group profit [illegible]

SECOND BROADMOUNT TRUST— Revenue [illegible]

DIRKIE HEEL COMPANY—Turnover [illegible]

SCOTTISH AND CONTINENTAL IN- VESTMENT—Pre-tax loss for half year to February 28, 1977 [illegible]

H. WOODWARD & SON—Results year to September 30, 1976 [illegible]

CHARLES CLIFFORD INDUSTRIES [illegible]

ANGLIA TELEVISION GROUP—Results year to October 31, 1976 [illegible]

INTERNATIONAL INVESTMENT TRUST—Results year to January 31, 1977 [illegible]

L. GARDNER AND SONS—Results for 1976 [illegible]

TPT—Results for 1976 [illegible]

N. J. HEINZ—Fourth interim dividend [illegible]

WATMOUGHS (HOLDINGS)—Results for 1976 [illegible]

DUFAY BITUMASTIC—1976 results [illegible]

Boulton

Interim Results

- Increased Home and Export Sales
- Increased Pre-Tax Profits

Comparative Figures	6 months to Dec. 1976 £000	6 months to Dec. 1975 £000
Turnover	8,420	8,011
Profit before Tax	495	452
Interim Dividend	0.5p	0.5p

The William Boulton Group Limited
Burslem - Stoke-on-Trent - England

Little change at J. Compton

UNIFORM and clothing manufacturers J. Compton Sons and Webb (Holdings) announces a taxable profit of £2.38m. for 1976 compared with £2.23m. for the previous 12 months. The advance represents the lack of a contribution to pension fund which took £150,000 last time.

At the midway stage profits were up from £0.9m. to £1.1m.

Yearly earnings per 20p share rose from 5.78p to 6.94p and the final dividend is 1.29775p net for a 1.891p (1.5325p) total.

	1976	1975
	£000	£000
Turnover	19,130	19,739
To pension fund	—	150
Write off*	—	11
Pre-tax profit	2,386	2,233
Tax	1,193	1,229
To insurance reserve	—	90
Attributable	1,191	914

* For standby generators.

Yorkshire Spinners

Woollen spinning has once again been the main contributor to the 1976 upsurge in pre-tax profit from £87,407 to £189,211 at Yorkshire Fine Woollen Spinners.

And another principal area of expansion has been in exports where turnover has more than doubled in the past 12 months, state the directors. Total turnover was £3.68m. (£2.55m.).

They also report that the current year has started with satisfactory profits and a full order book.

For the first half of 1976 profit was £114,587, against £17,114. Year-end tax took £99,811, compared with £40,373.

Stated earnings per 20p share are 8.53p (2.16p)—the dividend is 2.06455p net, compared with 1.5015p last time.

Hiltons better second half

FOR THE year ending January 29, 1977, Hiltons Footwear reports an advance in pre-tax profits from £514,667 to £763,207 on turnover ahead from £8.72m. to £7.98m.

At midway when profits were unchanged at £220,000 the directors said they expected the second half year to show a material improvement on the corresponding period.

Tax for the year takes £430,643 against £273,973. Earnings per 20p share are given at 8.86p (5.88p) and the dividend total is stepped up from 3.9518p to 4.347p with a final payment of 3.192p net.

MINING NEWS

A good first-half for Gold Fields

BY KENNETH MARSTON, MINING EDITOR

HALF-YEAR earnings of Consolidated Gold Fields have advanced to £11.9m. from only £7.1m. in the same period of the previous year to last June, the respective per share figures being 9.9p and 5.91p. The total for the full year to last June was £22.5m., or 18.76p per share.

The latest figures have to be read in the light of an abnormally high tax charge in the first half of the previous year. But even so better earnings on the latest occasion have been achieved in the group's three main operational sectors, construction materials, industrial, and mining. Taken together, investment income and sharedealing profits are little changed.

	First half 1976	1975
	£000	£000
Construction materials rev.	8,743	5,893
Indust. and comm.	6,894	4,650
Mining	3,414	302‡
Dividends and investmt.	7,819	7,470
Profit on invests.*	2,367	2,717
Fees, etc.	4,779	4,642
Total revenue	34,016	25,070
Expenses	4,412†	4,253
Loan interest	6,088	4,882
Exploration costs w/o	2,415	1,844
Assoc. share	5,195	5,043
Profit before tax	26,296	19,134
Group tax	12,228	11,870
Assoc. tax	642	550
Net profit	13,426	6,714
Outside holders	1,553	391‡
Attrib. members	11,873	7,105
Earnings per share	9.90p	5.91p

* Less depreciation. † Administration, technical and general. ‡ Loss.

The sharply improved performance in the mining sector reflects the impact of higher tin prices on the Renison mine in Tasmania, while the Australian Bellambi Coal has enjoyed increased production. But the unprofitable Mount Lyell and Gunpowder copper operations have suffered from low metal prices.

Gold Fields is raising its interim by 10 per cent. to 2.9p. It is stated that earnings for the full year to next June may be better than those for 1975-76 and it is the present intention to recommend a further increase in the final. The 1975-76 total was 7.37p.

Assuming that there is a rather lower tax charge in the current half-year, total earnings could rise to 23p per share. Major influences on the share price, however, remain the U.K. industrial market on the one hand and on the other the South African gold share market; investments in the latter sector provide about one-third of group revenue. Gold Fields were 167p yesterday.

SHERRITT SEES SOME HOPE

Gloomy after reporting the worst earnings last year since 1967, the Canadian copper-nickel group, Sherrit Gordon Mines, is very cautious about prospects for this year. The directors see some softening in fertiliser prices but "indications of encouragement in the metal business."

"There are continuing signs of slow but steady improvement in the U.S. economy which should lead to increased capital spending commitments when general business confidence grows," the Sherritt directors state.

They expect some improvement in metal prices during the second half of the year and predict an increase in export revenue from the weakening of the Canadian dollar. But the directors warn that profits will continue to be eroded by the mining division "unless the selling price of copper increases."

Sherritt, which is 40 per cent. owned by Newmont Mining of the U.S., had an average return on total assets last year of 2 per cent. and made net profits of $C4.1m. (£2.27m.) compared with $C11.2m. in 1975.

AFTON'S COPPER PROJECT IN BC

The biggest new mining project on virgin territory in Canada outside Sudbury, Ontario, is being undertaken in southern British Columbia by Afton Mines, which is part of the Teck Corporation group. When completed the development, costing $C80m. (£44.3m.) will comprise an open-cast copper mine, a 7,000 tons per day concentrator and a 60m. lbs a year blister smelter.

The latest figures from Afton show that $C29m. had been spent by the end of January and that a further $C17.6m. had been committed. The blister copper will be shipped under long-term contracts to the U.K. firms, Delta Metal and BICC.

Reserves at the mine are put at 34m. tons with an average grade of 1 per cent. copper. There are minor values of gold and silver. It is planned to use opencast methods for the first 14 years of the mine's life, after which there would be conversion to an underground operation.

NIPPON EXPECTS DOUBLED PROFIT

The Japanese group, Nippon Mining, whose activities include smelters in Japan and resource developments as far afield as Chile, Peru, Zaire and Saudi Arabia, expects its net earnings for the year to March 31 to be Y3.5bn. (£7.5m.) against Y1.75bn. in 1975-76.

Performance is better than the group expected, and this is attributed to a decline in crude oil costs as a result of the appreciation of the yen, the rationalisation of electrolytic copper production and the August resumption of operations at an oil de-sulphurisation plant.

Nippon is awaiting official approval to float a $15m. (£8.7m.) Eurobond loan next month.

HAMPTON AREAS

Royalty receipts of Hampton Areas, which are obtained from the company's nickel mining ground being worked by Western Mining, have advanced to $A1.3m. (£0.85m.) in the year to March 31 from $A115,258 in 1975-76.

Hampton Areas also states in its fourth-quarter report that plans are in hand to test North Sea well 211/22-1 in May. The location for a further well on this block, in which the company has a 5 per cent. interest, will be chosen in the light of the results of the test and of the outcome of well 211/27-8 currently being drilled on the block immediately to the south as part of the appraisal of the West Hutton field.

The company is a member of a consortium which has been conditionally awarded North Sea block 20/7 in the fifth round licensing, announced on February 9. Subject to agreement with the BNOC a well is anticipated for 1978 and the company's participation in this will be 4.9 per cent. Hampton Areas were 84p yesterday.

MATTAGAMI: NO QUEBEC FEARS

Metal mining groups in Quebec do not appear to fear that the provincial Government will attempt to intervene in the industry as it has done with asbestos. This is the impression left by the annual report of Mattagami Lake Mines, which started gold, silver, copper and zinc mining in the province 14 years ago.

Recently the Mattagami president, Mr. John Hall, said, "Opinions voiced by the members of the (Quebec) Government point to no early changes in policy towards base metal mines, copper smelters, refineries, and zinc reduction plants."

Mattagami's operations in the province "maintain high standards in production and technology and French is well established as the working language," the annual report declares.

But, in what may be read as a message to the Quebec Government, Mr. Hall states, "The remaining mineralised reserves of Mattagami mine have a predictable life of some 10 years under favourable economic and political conditions."

Mattagami is part of the Noranda group and its consolidated net income last year was $C15m. (£8.3m.) compared with $C4.4m. in 1975.

MINING BRIEFS

EX-LANDS NIGERIA—Tin ore production for March, 24 tonnes (February, 28 tonnes).

SAINT PIRAN—Production of tin concentrates for March: United Kingdom (tonnes treated 23,630) 225 tonnes (79 per cent. tin metal). (February 188 tonnes). Malaysia 31 tonnes (February 27 tonnes).

Saint Piran's Cornish tin

A RECORD tin concentrat of 225 tonnes was achiev month by Saint Piran's mines. Their total for months to March 31 come 2,206 tonnes which, w smaller contribution fr Malaysian operation, gr group total for the past 12 of 2,483 tonnes agains tonnes. Furthermore, Sai expects its Cornish South mine to maintain a rising trend in the current ye

Among the Malaysian tion figures from the group, Ayer Hitam has a setback as a result planned maintenance of the No. 3 dredge for the month, but the total past nine months beg at 3,629 tonnes again tonnes.

Sungei Besi comple financial year with 1,496 tonnes against while Tronoh itself has 555 tonnes in the past months against 492 tonn time a year ago. The figures are compared

	March tonnes
Ayer Hitam	175
Sungei Besi	157
Supreme	52
Tronoh	198

Of other production fig of Gopeng makes a total of 976½ tonnes again tonnes in the same p 1975-76; as already repo company is operating th ground containing a lo concentration.

	March tonnes
Gopeng	164
Tanjong	19
Idris	28
Pengkalen	18

BH SOUTH AWAITS UPT

The Australian phosphate mining South, which also has able investment interests passing its interim div payments have been shareholders since 1974.

The upturn anticipate group last November awaited although in months to December th dated operating loss was to $A4.35m. (£2.70m.) with $A4.9m. in the sa of the 1975-76 year.

BH South said at that it was close to break e the whole of the first its latest interim rep that income from activities (investment should be "substantially in the second half" first, when they were against $A386,000 in the first half.

In the first half, benefits were gained end-November devaluat Australian dollar, but Cobar, the copper-produ sidiary, were sharply Interest payments for Phosphate were, howev increased and group ch $A3.6m. compared with in the same period of vious year. BH South yesterday.

Half-Yearly Statement

Gold Fields

The unaudited results of the Group for the half-year ended 31 December 1976 are shown below together with the corresponding figures for the half-year to 31 December 1975 and those for the whole year to 30 June 1976.

	Half-year to 31.12.76 £'000	Half-year to 31.12.75 £'000	Whole year to 30.6.76 £'000
Net revenue of:			
Construction materials companies	8,743	5,893	13,199
Industrial and commercial companies	6,894	4,650	11,656
Mining companies	3,414	(302)	4,784
Dividends on investments	7,819	7,470	15,392
Profit on realisation of investments, less unrealised depreciation	2,367	2,717	6,834
Fees and sundry revenue	4,779	4,642	9,219
	34,016	25,070	61,084
Administration, technical and general expenses	4,412	4,253	8,395
Interest on loan capital	6,088	4,882	10,223
Exceptional amounts written off in respect of mining subsidiaries	—	—	4,366
Exploration expenditure written off	2,415	1,844	4,260
	21,101	14,091	33,840
Share of profit of associated companies	5,195	5,043	10,772
Profit before taxation	26,296	19,134	44,612
Estimated taxation:			
Group	12,228	11,870	15,212
Associated companies	642	550	768
Net Profit	13,426	6,714	28,632
Attributable to outside shareholders	1,553	(391)	6,108
Net profit attributable to the Shareholders of Consolidated Gold Fields Limited	11,873	7,105	22,524
Earnings per share (based on the average issued Ordinary share capital)	9.90p	5.91p	18.76p

Group Profit

Group profit before taxation amounted to £26,296,000, an increase of £7,162,000 compared with the corresponding period in the previous year.

Net revenue of the construction materials companies at £8,743,000 was higher by £2,850,000 due mainly to improved earnings from Amey Roadstone Corporation's construction and general haulage operations. Despite the continuing reduction in demand for their products, Amey's aggregate operations showed slightly improved profits.

Industrial and commercial companies' net revenue rose by £2,244,000 to £6,894,000. Earnings by Azcon Corporation were higher as a result of the acquisition of the Hyman-Michaels scrap metals business in July and improved performances by the steel distribution divisions. In the United Kingdom, Alumasc achieved a substantial increase in both turnover and profit.

The mining companies' operations resulted in a profit of £3,414,000 reflecting a favourable swing of approximately £3.7 million when compared with the same period in the previous year. In the Australian group, there were significant increases in the profits of Renison and Bellambi. Renison benefited mainly from higher tin prices whilst Bellambi's recovery was attributable to increased production. Associated Minerals Consolidated and Western Titanium were adversely affected by increased costs and a sharp reduction in zircon prices. Despite the Australian dollar devaluation in November, the Group's copper mines, Mount Lyell and Gunpowder, continued to be unprofitable. The Wheal Jane mine in Cornwall experienced a strike in the early part of the year, but the improvement in the tin price resulted in a substantial reduction in the operating loss.

Despite a general reduction in the level of actual distributions by the South African gold mines, the Group's dividend income rose marginally to £7,819,000. This was due partly to exchange rate movements and partly to an increase in the amount of underlying South African taxation included in the grossed-up income.

Profit on realisation of investments was slightly lower at £2,367,000, after charging £6,385,000 (last year £4,332,000) in respect of unrealised depreciation. The heavier depreciation charge included approximately £4 million in respect of the Group's investment in the developing Deelkraal gold mine.

The Group's share of profit of the associated companies amounted to £5,195,000, of which £4,398,000 related to its 49 per cent interest in Gold Fields of South Africa. The latter's earnings were adversely affected by lower investment income but, due to the exchange rate movement together with improved results in other associated companies, the Group's income from this source showed a marginal increase.

The total taxation charge, at £12,870,000, absorbed a lower proportion of the profit than that for the corresponding period in 1975 which was exceptionally high.

Interim Dividend

The Directors have declared an interim dividend of 2.9015p per share (representing an increase of 10 per cent over that for last year) payable on 31 May 1977 to holders of Ordinary shares registered in the books of the Company at the close of business on 29 April 1977 and to holders of Coupon No. 120 detached from Ordinary share warrants to bearer.

Dividend Warrants will be posted to registered shareholders on 30 May 1977.

Shareholders on the Johannesburg Branch Register of the Company will be paid from the Company's office at 75 Fox Street, Johannesburg, in South African currency at the London foreign exchange market spot selling rate for Rand at the close of business on 29 April 1977, or if no dealings in Rand are transacted on that date, at the close of business on the day next following on which dealings in Rand are transacted.

Holders of Ordinary share warrants to bearer are notified that Coupon No. 120 will be paid:

in London at

Midland Bank Limited, New Issue Department,
Mariner House, Pepys Street, London, EC3N 4DA

or in Paris at

Lloyds Bank International (France) Limited,
43 Boulevard des Capucines,
75061 Paris, Cedex 02, France

or in Zurich at

Union Bank of Switzerland,
8021 Zurich, 45 Bahnhofstrasse

on 31 May 1977 or at the expiration of six clear days after lodgment thereof, whichever is the later.

Outlook

Whilst there has been a significant improvement in metal prices in recent months, considerable uncertainties remain. Nevertheless, the indications are that the earnings of the Group for the year may be better than those for last year and it is the Directors' present intention to recommend a further increase in the final dividend.

49 Moorgate,
London, EC2R 6BQ

By Order of the Board,
J. R. STEWARDSON
Secretary

6 April 1977

Consolidated Gold Fields Limited

Peak £1.5m. by Pitney Bowes

AN INCREASE of 67 per cent. in pre-tax profit, from £0.93m. to a record £1.56m., is reported by Pitney Bowes, the largest U.K. mailing equipment manufacturers and exporters, for 1976. Turnover was also a record, up 25 per cent. to £16.43m.

Mr. T. J. Gilligan, the chairman, says that U.K. business was strong, with a noticeable acceleration in the fourth quarter.

Exports increased 26 per cent. to £6.4m., accounting for 39 per cent. of total sales, it is stated. Exports to Europe and North America accounted for 30 per cent. and 32 per cent. of total foreign sales, members are told. Subsidiaries in Finland and Sweden had profitable trading years.

The company is a subsidiary of Pitney Bowes, Inc., of the U.S.

	1976 £	1975 £
Turnover	16,431,604	13,132,833
Profit before tax	1,555,488	932,767
Taxation	780,977	421,640
Loan stock int.	165,000	165,000
Attributable	629,511	346,127
Brought forward	1,205,049	858,922
Carried forward	1,834,560	1,205,049

Manchester Garages to expand

Although profits of Manchester Garages in the first two months of 1977 are above the 1976 level Mr. R. A. Stoodley, chairman, warns that trading in the rest of the year may prove to be more difficult. However he feels that the group should be well equipped to deal with marketing problems which may occur in the short term.

In the longer term the chairman is confident that given the economic recovery to be expected from North Sea oil, and the reflection of such in consumer spending, "we should have an excellent future profit potential."

The directors feel that an active expansion programme is required to enlarge franchise holdings, preferably within the Ford family: but the size of the dealership would need to be substantial and with growth potential which is not easy to find. The search is continuing and the group's bankers have agreed to consider any proposition which may be put to them in this connection.

Members are told that great progress has been made at the new truck site at Gorton Lane. Development of the site is continuing with some urgency and when completed it will be one of the major Ford truck centres in the U.K., representing an investment of over £1m.

Meeting of the company — in which Mercantile Credit has a 30.2 per cent. stake—is at Manchester April 28 at noon.

PHOENIX

ASSURANCE COMPANY LIMITED

PRELIMINARY PROFIT STATEMENT

RESULTS

The following are the preliminary results of the Phoenix group of companies for the year end 31st December 1976, subject to audit, together with the audited results for the year 1975.

	1976 £m	1975 £m
PREMIUM INCOME		
General	323.4	245.5
Long-term	50.8	42.8
	374.2	288.3
PROFIT AND LOSS ACCOUNT		
Investment income	32.2	24.3
Underwriting results:		
General	−9.4	−7.3
Long-term	1.8	1.7
	24.6	18.7
Less expenses not charged to other accounts	0.1	0.5
PROFIT BEFORE TAXATION	24.5	18.2
Less: Taxation	9.6	5.1
Minority interests	2.3	2.0
NET PROFIT	12.6	11.1
Dividends	5.4	4.9
Net profit retained	7.2	6.2
Earnings per share	21.5p	20.8p

The geographical distribution of the general business is as follows:

	Premiums written 1976 £m	Premiums written 1975 £m	Underwriting bala 1976 £m
United Kingdom and Ireland:			
Home fire and accident	90.2	76.1	−1.4
Reinsurance subsidiaries	16.8	8.3	−0.7
Marine – UK companies	21.9	20.6	−0.6
Aviation – UK companies	5.7	4.0	0.2
	134.6	109.0	−2.5
Europe	51.0	32.7	−0.2
United States	70.2	50.3	−5.8
Canada	24.7	17.7	0.3
Elsewhere	42.9	35.8	−1.2
	323.4	245.5	−9.4

UNDERWRITING

In the United Kingdom the property account made a loss after providing £1.7 million for subsidence claims. Private car business showed *a modest surplus but commercial vehicle* liability insurance an underwriting loss.

The improvement in the group's Canadian business has continued. In Australia the loss has been substantially reduced. With the exception of Denmark, results in Europe were disappointing.

The United States made an increased loss by comparison with the *previous* year but the fourth quarter's results were more encouraging. The operating ratios for the USA on the statutory basis are:

	1976	1975
Claims as percentage of earned premiums	79.8	77.8
Expenses as percentage of written premiums	27.4	28.8
	107.2	106.6

Overseas currency transactions have been converted in the main at rates of exchange ruling at 31st December 1976. Business written through subsidiaries in the United States has been included at the rate of $1.70 (1975 $2.02) to the pound.

DIVIDEND

The directors recommend a final dividend of 5.167p (1975 4.697p) per share to be paid to members on the register at the close of business on 27th May 1977.

This represents the maximum increase permitted. The date of payment will be 1st July 1977 and the cost £3.0 million.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Thursday 26th May 1977 at 12 noon. The annual report for 1976 will be issued on 3rd May.

Second half upsurge boosts BPC to £4.76m.

A SECOND HALF UPSURGE in pre-tax profit from £1.03m. to £2.84m. boosted the British Printing Corporation from £3.32m. to £4.76m. for 1976. Mr. Peter Robinson, the chairman, says that although printing companies remained depressed for most of the second half, the packaging companies recovered strongly. There was also a substantial improvement in publishing, where overseas profits increased, further assisted by the benefits of exchange.

Mr. Robinson adds that there are now signs of an improvement in the printing companies, and although this is unlikely to be significant in the first half of 1977, he hopes that, given an upturn in the economy, this will gather pace in the second half. The packaging companies are still producing excellent results, he says, and progress continues to be made in publishing, although there is no expectation of similar exchange benefits in 1977.

Earnings improved from 4.6p to 6p, and the dividend total is maintained at 3.1825p with an unchanged final of 2.1825p net per 25p share.

The five-yearly revaluation of properties has thrown up a net surplus of £5.8m., which has contributed to an increase in tangible assets per Ordinary share from 80p to 104p, members are told.

	1976 £000	1975 £000
Sales	143,394	127,918
Trading profit	8,004	7,230
Printing	1,012	2,515
Packaging and paper	2,323	1,204
Publishing	4,669	3,512
Investment income	178	175
Interest charges	3,448	[illegible]
Exceptional credits	[illegible]	[illegible]
Profit before tax	4,756	3,315
Taxation	2,251	1,614
Net profit	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
Extraordinary credits	[illegible]	[illegible]
Attributable	[illegible]	[illegible]
Preference dividends	[illegible]	[illegible]
Interim Ord.	[illegible]	[illegible]
Final	[illegible]	[illegible]
Retained	[illegible]	[illegible]
Asset valuation surplus	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

‡ Debits. † Amount transferred to deferred tax £744,000. Balance relates to tax payable abroad. § Includes (£000s omitted) surplus arising from sale of shares in subsidiary less deferred tax £495 (£130), surplus arising on sale of properties less deferred tax £48 (£79), surplus arising on sale of investments less deferred tax £47 (£54), deferred tax in respect of ILS (£485) £124 (debit £387), exchange deficit arising from long-term financing abroad £400 (£122), provision for closures £111 (£324). ‖ Comprises (£000s omitted) surplus arising from property revaluation £5,824 (—), goodwill arising upon acquisition of subsidiaries interests during the year £423 (£82).

● comment

Shareholders at British Printing can thank the more than doubled overseas profits (buoyed by favourable currency movements) for their maintained final dividend which was in doubt at the halfway stage. At 39½ the shares yield just over 12 per cent., covered 1.9 times. Stripping currency gains and exceptional items out the figures show an overall fall of a fifth in profits. Bad as this might be, it implies a strong recovery after the interim stage, when profits were 60 per cent. down. The strongest surge was in publishing (where profits rose fourfold, indicating success with BBC language courses in Japan, and Yearbooks in Sweden) and packaging, where the second-half profits rose nearly threefold. The printing side is beginning to recover, and at least the loss at Sun Printers was held to £150,000 against £1m. at the interim stage. With gradual recovery in the U.K., this year's profits could rise again, but the pattern between the two halves is likely to be even more pronounced after changes of year-ends at some subsidiaries.

£0.1m. rise for Rowan & Boden

ON TURNOVER increased from £6.27m. to £7.68m. Rowan and Boden achieved record pre-tax profits for 1976 of £406,362 against £308,187. At half-way profit was ahead by £73,000 at £210,000.

Earnings per 25p share are shown at 4.6p (3.89p) and dividend is stepped up from a single payment of 1.0725p to 1.17975p with a final of 0.67975p net.

After tax £220,416 (£150,936) net profit emerged at £185,946 (£157,251).

The company operates as furnishers, plastic manufacturers, floor and deck covering contractors.

Brocks earns and pays more

THE YEAR 1976 resulted in pre-tax profits of £855,176 for Brocks Group of Companies—this compares with £582,420, which was after deducting management charges of £305,000.

The halfway profit advance was from £315,200 to £470,220.

Yearly earnings are given at 5.67p (5.63p) per 10p share and the dividend total is lifted from 2.805p to 3.013p with a final of 1.748p net.

The company's interests are in electronics and security.

	1976 £	1975 £
Turnover	7,510,914	5,982,843
Pre-tax profit	855,176	*582,420
Tax credit	53,615	†94,000
Equalisation reserve	441,710	325,566
Leaving	467,081	463,972

* After management charges of £305,000 to a former subsidiary. † Charge.

Interml. Combustion confident of growth

The chairman of International Combustion (Holdings), Mr. J. A. C. Talbot, says in his annual statement that, barring unforeseen circumstances, he is confident that profits for 1977 will exceed those for 1976 and that the increased dividend distribution will at least be maintained.

The group made almost doubled pre-tax profits in 1976, up from £0.91m. to £1.79m., and dividends totalled 0.715p per 5p share compared with 0.65p (as reported on April 1).

Mr. Talbot says that all trading units in the group (other than Nusoil) operated profitably. International Combustion Africa achieved a turnround from a loss of £0.26m. to a profit of £0.46m.

Metropole Industries, which was acquired during the year, is expected to make a significant contribution to group profit in 1977.

It is proposed to consolidate every five of the existing 5p shares into one share of 25p.

Liquid funds decreased during the year by £1.29m., compared with an increase of £0.11m.

Meeting, Hotel Russell, Russell Square, W.C., April 28 at noon.

Leonard Fairclough looks abroad

Mr. Oswald Davies, chairman of Leonard Fairclough, says that achievements overseas are an important asset to the long-term future of the group.

The group entered 1977 with a good work load in the U.K.

In *Saudi Arabia*, through the group's association with the Al-Midani Establishment, it had now started work on the initial phase of a "very substantial" defence contract which the directors *believe will lead to further substantial work in the future.* Already British plant and vehicles valued in excess of £5m. have been bought and are being shipped to the site. Combined with profitable and increasing activities in Kenya and Iran overseas work *now forms a significant base for future development.*

In the U.K. the market remains very keen with the public sector under increasing pressure to contain its spending and the private sector getting little encouragement to commence new investment. The building and civil engineering companies have, however, kept their order book up to a good level. An exception is in transportation tunnelling which is a disappointment because the experience gained on the metro systems in Liverpool and Newcastle *will be rapidly lost to the* British construction industry if it cannot be employed on similar new work. Meanwhile, however, the group's knowledge and experience in the design and production of concrete tunnel segments is being effectively *employed overseas, particularly in* France and in the Far East.

To reflect the nature of the group it is proposed to change its name to Fairclough Construction Group.

As already reported, pre-tax profits for 1976 expanded from £4.97m. to £5.95m.

W. Lawrence £585,000

For the six months to December 31, 1976, Walter Lawrence achieved an increase in taxable profit from £0.53m. to £0.59m. on turnover up by £1.38m. to £12.97m. Profit for 1975-76 was a best ever £1.31m.

The directors state that the building and contracting companies had again contributed the major share of profits, and that the group's order book is at a higher level than last year.

Stated earnings per 25p share are shown as 6.3p against 5.5p and there is an interim dividend of 2.25p (2p). Last year's total was 5.5p.

British Rollmakers £0.5m. setback

ON TURNOVER £2.67m. higher at £21.4m., pre-tax profit of the British Rollmakers Corporation for the 53 weeks to January 1, 1977, was down at £1.32m. compared with £1.8m. *for the year* to December 27, 1975. At halftime, reporting an unchanged £0.71m., the directors said that no improvement could be expected in the remainder of the year but better trading conditions were expected for 1977.

Earnings are shown at 2.69p per 25p share, against 3.94p, and the unchanged final dividend of 1.6875p net maintains the total at 2.5625p.

	1976 £	1975 £
Turnover	21,397,643	18,730,626
Rollmaking	14,856,373	12,815,727
Machine Tool	6,509,270	5,914,899
Trading profit	1,246,342	1,694,176
Rollmaking	775,447	1,063,005
Machine Tool	470,895	631,121
Share Assoc.	7,115	6,444
Int. and div recd.	83,057	125,524
Debenture int.	21,231	21,250
Profit before tax	1,315,296	1,804,644
Taxation	707,700	995,176
Net profit	612,534	809,468
Extraord. credit	—	308,133
Making	612,534	1,107,601
Minorities	7,482	15,352
Attributable	699,552	1,092,249
Deb. redemption res.	20,000	20,000
Available	595,952	1,072,249
Pref. divs.	16,540	16,540
Ord. divs.	564,060	564,060
To reserve	8,252	421,645

● comment

After adjusting for the extra week, pre-tax profit for 1976 at British Rollmakers was 28 per cent. down on 1975 when some £600,000 was lost through a strike. *Increases in working capital and* a £1½m. capital spending programme ate both into cash balances and the £200,000 raised by the sale of the Sheffield Twist Drill stake, with the net result that earnings are down 32 per cent., barely covering a maintained dividend. World markets for both steel rolls and machine tools were depressed throughout 1976, particularly in the third quarter, and while showing an upturn now are unlikely to allow the company more than £1.8m. pre-tax for the current year. This would mean a fourth year on an earnings plateau. Even if the company recovers to last year's profit levels, the prospective p/e at 42p is still 10, with the historic yield of 9.8 per cent. Moreover the 30 per cent. stake held by Davy International, following the abortive bid in 1973, must be giving some cause for concern.

Over £1.1m. for Albert Martin

AFTER A midway advance from £0.22m. to £0.41m., clothing manufacturers Albert Martin Holdings surged to *record profits of £1.12m.* before tax for 1976 compared with £0.53m.

The directors say that the current year had started well and the outlook is one of further growth in profit from increased turnover at home and abroad.

Turnover for 1976 rose by £2.02m. to £13.09m.

Stated earnings per 20p share are more than doubled from 4.84p to 10.77p and the dividend is raised by the maximum permitted, as forecast, to a total of 2.8149p (2.558p) with a 1.8149p net final.

● comment

Everything seems to have been going the right way for Albert Martin in 1976, and profits are more than doubled on a sales rise of 29 per cent. Demand from Marks and Spencer (45 per cent. of sales) was up and Martin's diversification into outerwear proved successful, while the Shetland knitwear subsidiary really showed its worth after recovering to break even in 1975. Exports of Shetland woollens have been particularly buoyant, especially in France which accounts for 70 per cent. of knitwear sales, and direct exports are up 95 per cent. to £2½m., with a further £800,000 of indirect exports via M and S. Orders at the *knitwear subsidiary stretch into* 1978 and with production running close to full capacity further investment is expected this year after the £570,000 in 1976 (£300,000 on the knitwear side). Still finances are no real problem for the latest tax charge is fully *deferred and the overdraft is* under £1m. despite soaring cotton and wool prices. Shareholders' funds are near £3m. Profits of £1½m. are a reasonable expectation this year, which leaves the historic p/e of 4.3 and yield of 9.4 per cent. at 48p looking modest against other M and S suppliers.

Prospects at Lambert Howarth

January and February, 1977 sales at Lambert Howarth Group show a substantial increase and together with the flow of orders Mr. C. L. Howarth chairman, anticipates a general improvement in the current year.

For 1976 pre-tax profit slipped from £0.51m. to £0.43m., mainly because of the pressure on margins and an unexpected increase in the volume of finished goods held in stock at the end of the year.

Meeting, Burnley Crest Motel, April 29, noon.

Startrite 35% ahead half time

TAXABLE profit of Startrite Engineering group rose by 35 per cent. to £156,800 in the six months to December 31, 1976 and the directors expect a continuing improvement in the second half.

Net interim dividend is lifted from 1p to 1.2p per 20p share, absorbing £18,000. Last year's total was 3.1213p and pre-tax profit £321,146.

First half tax takes £89,000 (£66,000), leaving £67,800 (£50,100).

In his annual statement last October, Mr. William R. Bruce, chairman, said the directors expected interim results to be substantially better.

Now, the directors report that export markets remain firm. In general terms, there is a marked improvement on the home market.

The major extension to the group's assembly facility is now completed and operating. The directors hope to finalise the current investment programme within the next six months.

Startrite makes machinery for the wood, plastics and metalworking industries.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

New York exchanges to report shortly on merger studies

BY JAY PALMER NEW YORK, April 6.

OVER THE next two weeks the special investigating committees set up by New York's two stock exchanges, the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX), are scheduled to present their studies into the feasibility of a merger to their respective Boards.

Although neither the NYSE nor the AMEX will confirm speculation that a merger has already been all but agreed and that only the details remain to be confirmed, some details of both committees' findings are now emerging.

Both are understood to agree that a merger could best be achieved by creating a common joint share list of the two exchanges. Historically, the AMEX has listed America's smaller public companies before they have achieved a large enough size and long enough record to qualify for the more advantageous NYSE quote where equity capital is more readily available.

In addition, it appears that both markets have agreed that all Common share trading after a merger be carried out on the present Wall Street floor of the NYSE. Trading in options, bonds and such other products as Treasury bills would be moved to the AMEX floor close by.

Most surprisingly, there are reports now that both studies have reached agreement on the ticklish problem of how to merge and put a value on seats of both exchanges.

Once the reports of the two committees have been accepted by the directors of both exchanges, and this would certainly involve still further lengthy discussions, the actual process of merging could be started. This, it is generally accepted, would be a two-year process assuming that there were no serious objections by Government agencies. In Washington both the Securities and Exchange Commission and the Justice Department's anti-trust authorities have stated that they believe a merger would enhance competition.

EDF returns to market

By Francis Ghilès

ELECTRICITE de France is returning to the medium term credit market. Crédit Lyonnais (the lead manager and agent bank) has put together a management group to raise $400m. for 8 years on a spread of ⅝ per cent. for the first four years rising to ¾ per cent. for the past four years. The amount could be increased if the response is good. The commitment fee is ⅜ per cent. and the participation fees ¼ per cent. for amounts over $10m. and ⅜ per cent. for amounts over $20m. Each of the banks in the management group completed yesterday (there are sixteen so far but the number could increase) has been asked to commit $40m. each.

The management group includes Crédit Lyonnais, Algemene Bank Nederland, Amsterdam Rotterdam Bank, Banque d'Indochine et de Suez, Banque Européenne de Crédit, Banque Nationale de Paris, Bayerische Landesbank Girozentrale.

Loss at Enso-Gutzeit

BY LANCE KEYWORTH HELSINKI, April 6.

ENSO-GUTZEIT OY notes a loss of Fmks.45m. (£7m. at the December 1976 exchange rate) for fiscal 1976, versus a profit of Fmks.21m. in 1975. However, it will pay a dividend of 6 per cent. (8 per cent. in 1975).

Consolidated net sales rose from Fmks.2.06bn. to Fmks. 2.27bn. (£354m.), but Enso's Board notes in the preliminary reports that it had a worse year in 1976 than in 1975.

This was due especially to the over-supply of packaging materials in the West European market, especially from North America, which drove prices down. However, Enso's total exports increased from Fmks. 1.18bn. to Fmks.1.5bn.

● Oy Wartsila reports consolidated net sales of Fmks.1.53bn. (£239m. at the December 1976 exchange rate), 12 per cent. off the 1975 figure.

The reason was the postponement of major ship deliveries to 1977. The year's profit was Fmks.12.2m., versus Fmks.23.6m. in 1975. Wartsila will pay a dividend of 7.5 per cent. (10 per cent. in 1975), according to the preliminary report.

The company had orders at the *end of year valued at* Fmks. 3.6bn. This included 23 ships, half of which are due for delivery in the current year.

SWEDISH COMPANIES

Svenska Fläkt maintains growth despite recession

BY WILLIAM DULLFORCE STOCKHOLM, April 6.

SVENSKA FLAKT, the Swedish industrial ventilation and pollution control group, expects to maintain or improve earnings again this year, although it has not yet seen the upswing on its main markets expected in 1976.

The group's continued profit growth at a time when other Swedish companies have been badly hit by the recession is attributed in the final report for 1976 to the internal restructuring of the group into separate profit centres, providing for even better *cost control* than expected.

More than 70 per cent. of group turnover is already effected abroad and the group plans to concentrate even more on exports. In particular it will bid for major international contracts on its own or in association with other concerns, the Fläkt Board states.

Last year group earnings before extraordinary items rose from Kr.126.2m. to Kr.140.2m. (£18.7m.), although sales grew by less than 2 per cent. to Kr.2.25bn. (£300m.) and the order intake at Kr.2.4bn. was lower than hoped for. The final result was 25 per cent. higher than the management's mid-term forecast.

The shareholders' report demonstrates that the main reason for this outcome was a remarkable improvement in the net interest position. The group had net interest income of Kr.2m. in 1976 compared with costs of more than Kr.13m. the year before. The improvement stems from the Kr.177m. rise in liquid assets, of which Kr.62m. came from new share issues.

The return on equity in 1976 was 12.5 per cent., up marginally from the previous year. Commenting on the effects of inflation, the final report calculates that with annual price rises of 8-10 per cent., the Fläkt group needs to show 15-17 per cent. on equity if it is to fund operations from internal resources.

During 1976, the long-term debt rose by Kr.42m. while the short-term debt was reduced marginally. Stocks declined by Kr.32m.

The Board proposes to pay a dividend of Kr.5.75 a share, comparable with Kr.4.65 a share in 1975, if adjustment is made for the new issues and a stock split. The total dividend payment would be Kr.17.8m. against Kr.12.6m.

For the first time, the final report gives the return on capital by division, showing that the contracting division, which has no manufacturing units, is the most profitable with a 35 per cent. return measured as operating income related to physical assets, stocks and short-term claims less advances received and suppliers' credits.

The Gadelius Trading Concern, which operates in Japan and the Far East and in which Svenska Fläkt took a majority holding in 1975, experienced an earnings setback last year but with the marketing channels it opens up, it is still regarded as a major growth area for the group.

* * *

THE final report for 1976 from Holmen's Bruk, Europe's largest newsprint manufacturer, reflects the strong pressure on the company's finances of the Kr.650m. (£86.7m.) investment in the new pulp and paper project at Braviken. The building of this plant coincided with a drop in demand for the company's products, most of which are sold in Britain, lower capacity utilisation at the existing mills and an earnings plunge.

Holmen's is showing a pre-tax profit of Kr.59.1m. (£7.9m.) before extraordinary items for 1976 but the result does not include the interest charges on the borrowing undertaken to finance the Braviken project. Comparable earnings in 1975 were Kr.115.5m., which already entailed a Kr.30m. decline from the 1974 profit level.

The Board proposes however to pay shareholders a dividend of Kr7 a share, which is comparable with a payment of Kr.6.67 a share in 1976 after adjustment for last year's scrip issue.

The company's investments during the year totalled Kr.487m. compared with an annual average of Kr.110m. for the past five years. Of this sum Kr.386m. went to Braviken. The Board proposes to make a Kr.55m. convertible loan issue this year.

The 1976 balance sheet shows a Kr.177m. rise in the short-term debt and a Kr.246m. increase in long-term borrowings. The interest charges of Kr.20.7m. on credits used for the Braviken project have not been included in the interest charges shown in the profit and loss account.

The thermo-mechanical pulp mill at Braviken is expected to start operating this spring while the first paper machine with an annual capacity of 170,000 tonnes is scheduled to start up in the autumn.

However, during last year's recession Holmen's production of newsprint and magazine paper equalled just under 80 per cent. of existing capacity. Last year exports fell by 34,000 tonnes to 369,000 tonnes.

Discussing future prospects, the final report expects the paper market to remain weak in 1977 with a probable upturn towards the end of the year, bringing hopes of better capacity utilisation in 1978. Sales are expected to remain roughly at the same Kr.1.2bn. (£160m.) level as last year, entailing "production restrictions on all units during the first half of the year and during the holiday period."

Little change is anticipated in earnings but in making that forecast Holmen's has not taken into account the extraordinary costs for the start-up and running-in of the Braviken mill.

Deutsche Bank anticipates 'reasonable results'

BY GUY HAWTIN FRANKFURT, April 6.

DEUTSCHE BANK, West Germany's largest commercial bank, is looking forward to another year of "reasonable results." Last year profits were generally satisfactory, although somewhat below 1975's record figures.

In the first two months of the year, operating profits from the bank's trading on its own account were up by 15 per cent., while average business volume advanced by 10 per cent. Interest margins, however, have been under pressure and are currently standing at about 2.57 per cent. compared with an average 2.75 per cent. last year and 3.18 per cent. in 1975.

Dr. F. Wilhelm Christians and Dr. Wilfried Guth, spokesmen for the bank's executive Board, described 1976's performance as "very good overall results." The management was satisfied despite a decline in earnings.

Operating profits fell back by 12.3 per cent. from DM949m. to DM832m., including trading on the bank's own account. However, the bank's net profit — at DM280m. (£68.3m.) — lay only slightly below the 1975 figure of DM281m., while group net profits rose from the previous year's DM390.9m. to DM449m. (£107.5m.) after a 14.3 per cent. average advance in business volume.

Interest earnings in 1976 totalled DM1.686bn., virtually unchanged from the previous year's DM1.697bn. Commission earnings went up by 3.9 per cent. to DM535m. One disappointing factor was that, unlike the previous two years, personnel and capital costs were not entirely covered by interest earnings.

Credit volume expanded by 21.9 per cent. compared with the previous year's 10.5 per cent. growth, rising from DM34.21bn. to DM41.68bn. But the pressure on interest margins was such that even this fast rate of expansion was unable to produce a growth in interest earnings, probably because some two-thirds of the growth came in the final two months of the year.

SAL. OPPENHEIM Jun. and Cie., one of West Germany's leading private banking houses, today warned that it is expecting 1977 to be a quiet year. A strong rate of business growth is unlikely, its partners feel.

Accordingly, the Cologne-based bank is planning largely to concentrate on expanding its services sector, said Dr. Harald Kuehnen, one of the partners. As with most top private banks, services play an important part in Sal. Oppenheim's business—a fact which is not necessarily reflected in the balance sheet.

As with most West German banks, 1976 was for Sal. Oppenheim a good year but not a vintage one. Profits, which it is legally not obliged to disclose and which, even if it did so, would be its partnership structure — were somewhat under the previous year's level.

Unlike the larger banks, however, interest earnings, as a proportion of total earnings, rose from 1975's 43 per cent. to 45 per cent. despite the pressure on interest margins. At the same time, earnings from non-interest dependent sectors fell back as a proportion from 57 per cent. to 55 per cent.

The bank's balance sheet total rose by 8.3 per cent. from DM2.28bn. to DM2.47bn. (£601.3m.), while business volume went up rather faster, by 10.6 per cent. from DM2.41bn. to DM2.67bn. The bank's credit volume increased by 6.5 per cent. to DM1.34bn. and the volume of deposits grew by 10.3 per cent. to DM2.23bn.

Figures for the Oppenheim Group as a whole show that the concern's balance sheet total advanced by 3.5 per cent. to DM7.23bn. (£1.76bn.).

Floating rate stock offer by Algoma

By James Scott TORONTO, April 6.

FISCAL agents for *Algoma Steel Corporation have begun* the private placement of up to $60m. of floating rate Preferred shares. The rate still under negotiation with potential buyers but will probably be slightly higher than the rate on a similar $200m. issue by Steel Company of Canada. That rate is one half of the average Canadian Bank prime rate plus 1.25 percentage *points*.

Algoma's new shares will be retractable at the option of the holders after 10 years or redeemable at the option of the company after three years. The company will pay a modest declining premium for early redemption.

Likely buyers include banks, trust companies and corporations subject to taxation because the dividends they will receive will not be taxable, hence the relatively low dividend rate.

"It is the cheapest cash route that we have," said Mr. Ross Gutmore, Vice President of Finance.

Olympus Optical profits rise

Olympus Optical Company Ltd. reported a net consolidated profit of Y510bn. (3.69bn.) for the year ended October 31, on sales of Y70.06bn. (58.78bn.), Reuter reports from Tokyo.

Olympus Optical said overseas sales—mainly cameras and medical instruments—in the year rose 33 per cent. to Y36.50bn. (27.45bn.).

Olympus refused to forecast for 1977 on a consolidated basis, saying the current economic situation, domestic and overseas, is unstable and fluid.

But the company said it will not be affected by the recent appreciation of the yen since any losses arising from the depreciation of the U.S. dollar will be offset by exchange benefits from the strengthening German Mark, which it uses for export contracts.

Air Siam sued

SINGAPORE AIRLINES has filed suit against defunct Air Siam for more than $100,000 in unpaid debts, a spokesman for the Singapore flag carrier confirmed yesterday reports AP-DJ from Bangkok. The suit, filed in civil court in Bangkok, asked the court to declare Air Siam bankrupt and control the Thai carrier's remaining property. It alleges that Air Siam, a privately owned carrier which ceased operations earlier this year, didn't have enough property to satisfy all debts.

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, April 6. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of April 6 at 11.00 a.m.
3 months 5⁹⁄₁₆ 6 months 5⅞

SDR1=$US1.15783

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	162.51
Afghanistan	Afghani (o)	45.00
Albania	Lek (m)	5.9781
Algeria	Dinar (a)	4.1527
Andorra	Fr. Franc	4.9866
	Sp. Peseta	68.57
Angola	Kwanza	n.a.
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso	325.50
Australia	Australian $	0.9044
Austria	Schilling	16.937
Azores	Port. Escudo	38.74
Bahamas	Ba $	1.00
Bahrain	Dinar	0.3955
Balearic Is.	Sp. Peseta	68.57
Bangladesh	Taka	15.4096
Barbados	Barbados $	2.0050
Belgium	B. Franc (m)	36.60
Belize	B. $	2.00
Benin	C.F.A. Franc	248.43
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.7950
Bolivia	Bolivian Peso	20.00
Botswana	Pula	0.8695
Brazil	Cruzeiro	[illegible]
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4625
Bulgaria	Lev	0.96
Burma	Kyat	6.6290
Burundi	Burundi Franc	90.00
Cameroun Rp.	C.F.A. Franc	248.43
Canada	Canadian $	1.0551
Canary Is.	Sp. Peseta	68.57
Cape Verde Is.	Cape V. Escudo	38.74
Cayman Is.	Cay. Is. $	0.8330
Cen. Af. Rp.	C.F.A. Franc	248.43
Chad	C.F.A. Franc	248.43
Chile	Ch. Peso (m)	17.77
China	Renminbi Yuan	1.8973
Colombia	Col. Peso (m)	36.62
Comoros I'ds	C.F.A. Franc	248.43
Congo (B'ille)	C.F.A. Franc	248.43
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8249
Cyprus	Cyprus £	0.4135
Czechoslovakia	Koruna (m)	5.70
Denmark	Danish Krone	6.0275
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (m)	25.00
Egypt	Egyptian £ (o)	0.3950
El Salvador	Colon	2.50
Ethiopia	Birr	2.0635
Eq'tl Guinea	Peseta	68.57
Falkland Is.	Falkland Is. £*	1.7197
Faro Is.	Danish Krone	6.0255
Fiji Is.	Fiji $	0.9262
Finland	Markka	4.0515
France	French Franc	4.9866
Fr. C'tyn Af.	C.F.A. Franc	248.43
Fr. Guiana	Local Franc	4.9866
Fr. Pac. Is.	C.F.P. Franc	90.3636
Gabon	C.F.A. Franc	248.43
Gambia	Dalasi	2.2250
Germany (E)	Ostmark (m)	2.3995
Germany (W)	Deutschemark	2.3995
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.7197
Gilbert Is.	Aust. $	0.9044
Greece	Drachma	37.32
Greenland	Danish Krone	6.0255
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9866

Country	Currency	Value of DLR
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	22.14
Guinea Bissau	Peso	38.74
Guyana	Guyanese $	2.5500
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.6355
Hungary	Forint (m)	20.60
Iceland	I. Krona	191.54
India	Ind. Rupee	8.7950
Indonesia	Rupiah	415.00
Iran	Rial	71.175
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.7197
Israel	Israeli £	9.4280
Italy	Lira	887.40
Ivory Coast	C.F.A. Franc	248.43
Jamaica	Jamaica $	0.9091
Japan	Yen	273.10
Jordan	Jdn. Dinar	0.332
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3604
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.00
Kuwait	Kuwait Dinar	0.2881
Laos	Kip Pot Pol (o)	200.00
Lebanon	Lebanese £	3.09
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	2.5417
Luxembourg	Lux. Franc (m)	36.60
Macao	Pataca	4.9734
Madeira	Port. Escudo	38.74
Malagasy	MG Franc	248.43
Malawi	Kwacha	0.9095
Malaysia	Mal. Ringgit	2.4795
Maldive Is.	Mal. Rupee	7.7224
Mali Rp.	Mali Franc	496.86
Malta	Maltese £	0.4275
Martinique	Local Franc	4.9866
Mauritania	Ouguiya	49.6580
Mauritius	M. Rupee	6.6610
Mexico	Mexican Peso	22.60
Miquelon	C.F.A. Franc	248.43
Monaco	French Franc	4.9866
Mongolia	Tugrik (m)	3.3335
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.5100
Mozambique	Moz. Escudo	n.a.
Nauru Is.	Aust. $	0.9044
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.4893
Neth. Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.9044
	Fr. Franc	4.9866
N. Zealand	NZ $	1.0293
Nicaragua	Cordoba	7.0925
Niger Rp.	C.F.A. Franc	248.43
Nigeria	Naira	0.6487
Norway	Norw. Krone	5.3025
Oman, Sultanate of	Rial Omani	0.34565
Pakistan	Pkst. Rupee	9.9043
Panama	Balboa	1.00
Papua N.G.	Kina	0.7855
Paraguay	Guarani (m)	126.00
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454

Country	Currency	Value of DLR
Peru	Sol	74.64
Philippines	Ph. Peso	7.3520
Pitcairn Is.	NZ $	1.0293
Poland	Zloty (m) (o)	19.92
Portugal	Port. Escudo	38.74
Port. Timor	Timor Escudo	n.a.
Principe Isle	Port. Escudo	38.74
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9510
Reunion Ile de la	French Franc	4.9866
Rhodesia	Rhd. $	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	£ sterling*	1.7197
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	248.43
St. Vincent	E. Caribbean $	2.70
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	887.40
Sao Tome	Port. Escudo	38.74
Saudi Arabia	Ryal	3.5350
Senegal	C.F.A. Franc	248.43
Seychelles	S. Rupee	7.7513
Sierra Leone	Leone	1.1629
Singapore	Singapore $	2.4632
Solomon Is.	Australian $	0.9044
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	68.57
Span. Ports in N. Africa	Sp. Peseta	68.57
Sri Lanka	S.L. Rupee	7.2754
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.2250
Switzerland	Swiss Franc	2.5417
Syria	Syria £	3.9250
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.3604
Thailand	Baht	20.40
Togo Rep.	C.F.A. Franc	248.43
Tonga Is.	Pa'anga	0.9056
Trinidad	Trin. & Tob. $	2.40
Tunisia	Tunisian Dinar	0.4278
Turkey	Turkish Lira	17.30
Turks & C's	U.S. $	1.00
Tuvalu	Australian $	0.9044
Uganda	Ug. Shilling	8.3604
Un'd A'b Emir	UAE Dirham	3.9090
Utd. Kingdom	£ Sterling*	1.7197
Upper Volta	C.F.A. Franc	248.43
Uruguay	Urug. Peso (m)	4.29
USSR	Rouble	0.7401
Vatican	Italian Lira	887.40
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.0630
Vietnam (S)	Piastre (o)	[illegible]
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.3097
Yemen	Ryal	4.5250
Yugoslavia	New Y. Dinar	18.29
Zaire Rp.	Zaire	0.8636
Zambia	Kwacha	0.7861

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. * U.S. dollars per sterling unit. (a) Approximate rate. (o) Official rate.

For further information please contact your local branch of the Bank of America.

Growth for Maltese banks

By Godfrey Grima MALTA, April 6.

MALTA'S two leading commercial banks, in which the Government has a majority shareholding, have reported increased profits.

Mid-Med Bank, the former Barclays Bank operation which is now 60 per cent. owned by the Malta Government, has reported net profits of £M1.2m. for the 15 months it has been operating since the takeover; the Bank of Valletta, which formerly operated as the National Bank of Malta before it was nationalised, has reported a profit of £M1.4m., an increase of £M0.3m. over the previous year's figure.

According to the Mid-Med Bank balance-sheet, liabilities showed a considerable increase in deposits which moved up from £M59m. to £M109m. Credit accounts alone rose by 6.7 per cent. At the same time assets included £M53m. in advances, £M49m. held at the Central Bank and another £M5m. held with overseas banks.

EUROBONDS

New issues settle well

BY MARY CAMPBELL

BY YESTERDAY evening the market appeared able to sustain without difficulty the heavy volume of new issues completed in the past 24 hours. Although trading had not yet started in either Ontario Hydro or International Westminster Bank, the two about which dealers had most doubts, Bell Canada and IHI were both going well.

Final details of the various new issues, closed since Tuesday night, are as follows: The size of the Bell Canada issue was raised to $100m. and priced at par on the coupon of 7½ per cent. (down from 8 per cent. originally indicated). Ontario Hydro's $125m. issue was priced at 100¼ on the 8 per cent. coupon originally indicated after the size was raised from $100m. Alcan Australia's $25m. issue remains unchanged in size, contrary to expectations, but has been priced at 100¼ on the coupon of 8¼, down from the 8½ per cent. originally indicated. International Westminster Bank's floating rate issue has been increased to $120m. from $75m. with the other terms remaining unchanged—the minimum interest rate is 6 per cent. and the margin over LIBOR is a quarter of a point. Finally, Ishikawajima Harima Heavy Industries (under Dai-Ichi Kangyo Bank guarantee) was priced at par. The $45m. issue offers 7¾ per cent.

Of the two issues which started trading yesterday, Bell Canada opened at 99¾/¼ fell back momentarily to about 99½/¾ but then started upward again. There were signs that it would not stabilise below par. In the case of IHI, First Boston Europe, the lead manager, was making a price of 99/99¼ yesterday evening with the rest of the market trading an eighth of a point lower.

In the case of Bell Canada the allotments were said to be well under 50 per cent. Substantially larger allotments are expected from both Ontario Hydro and International Westminster Bank. There was some criticism of the extent to which International Westminster Bank's issue has been increased, but dealers were waiting to see the allotments and the number of loose bonds around before passing final judgment.

Final details have also been announced for Privatbanken's DM30m. seven-year issue. It has been priced at par and the coupon confirmed at 6 per cent. In Germany, Sweden's DM250m. issue has been priced at 100¼ per cent. on the 6¼ per cent. coupon as indicated. Maturity of this issue is seven years.

Elf Norges' private placement has been increased in size to DM125m., with coupon set at 5¼ per cent. and maturity three years.

BONDTRADE INDEX

	Yesterday	Tuesday
Medium term	102.78	102.77
Long term	95.28	95.24
Convertible	107.62	107.67

VONTOBEL EUROBOND INDICES 14.5.76=100%

PRICE INDEX	5.4.77	29.3.77	AVERAGE YIELD	5.4.77	29.3.77
DM Bonds	103.47	103.04	DM Bonds	7.178	7.239
HFL Bonds & Notes	102.34	102.20	HFL Bonds & Notes	8.185	8.197
U.S. $ Strt. Bonds	103.02	102.94	U.S. $ Strt. Bonds	8.306	8.319

INTERNATIONAL COMPANY NEWS

DUTCH BANKING

ABN ponders an increase in capital

BY MICHAEL VAN OS

AMSTERDAM, April 6.

THE BOARD of Algemene Bank Nederland (ABN), Holland's largest commercial bank, expects to decide shortly whether and how to reinforce its capital base to maintain what it describes as its "excellent" solvency position, in preparation for continued expansion of business.

Speaking at a Press conference here on the publication to-day of the bank's annual report, details of which were published earlier, the chairman, Dr. Andre Batenburg would not make a profit forecast for the current year other than to say that earnings in the first two months had shown a "slight" improvement on the same 1976 period.

Commenting on last year's earnings—which rose 10.4 per cent. to Fls.204.8m.—Dr. Batenburg said they had shown a "very reasonable" increase and that they were up on expectations. The increase had been lower than that recorded by some other major banks but that was attributed to ABN's "explosive" profits growth in the previous year.

Dr. Batenburg stressed the bank's diminished dependence on local Dutch developments affecting operations, adding that exactly one-third of net profits had been generated abroad in 1976 whereas the contribution to the balance sheet total had been 26 per cent. If foreign business effected through Dutch home base offices was included, the profit contribution rose to about 40 per cent.

The ABN chairman said that the bank's major asset compared with other Dutch banks—the extensive office network abroad—would continue to be expanded this year. He revealed that the 200th establishment, in Houston, U.S., would soon be opened. The volume of profits generated outside had shown a "very satisfactory" geographical spread.

Discussing the often turbulent developments in the local Dutch banking sector last year, Dr. Batenburg would not be drawn to forecast when the Central Bank would come in with credit restrictive measures.

The reason for such a move was almost exclusively the explosive growth of mortgage loans, partly as a result of new forces in the market raising competition further. The ABN chief stressed that the corporate sector's interests would be safeguarded as much as possible.

Mixed fortunes for Pierson in 1976

PIERSON, Heldring en Pierson (PHP), the Amro bank subsidiary, reports mixed fortunes for the 1976 banking year with a difficult situation on the home market being offset by a further improvement in earnings abroad where this is traditionally very active.

With the aid of strongly reduced taxation, net profits rose to Fls.10.1m. in 1976 (Fls.8.8m.), after pre-tax profits had been about unchanged at Fls.10.2m. Total revenue was down somewhat to Fls.97.7m. (Fls. 100.4m.), of which interest income and exchanges accounted for Fls.36.6m. (Fls.38.6m. adjusted) and commission and securities income Fls.61.1m. (Fls.61.8m.).

Total costs were well contained and remained below the 1975 level when there had been some Fls.81.8m. (Fls.84.6m.).

At a press briefing on the publication of the report, PHP chairman Mr. Allard Jiskoot said that the first few months of this year had shown a recovery in results for home earnings. Interest margins were expected to improve further and in merchant banking, the year's start had been very favourable. The rest of the year was regarded with "cautious confidence."

PHP's balance-sheet total rose to Fls.3.16bn. at the end of the year, representing an increase of 10.9 per cent. on the previous year's level.

NBB planning issue to raise Fls.15.5m.

NEDERLANDSCHE Middenstandsbank (NMB), the major Dutch bank in which the State has a substantial minority interest, is planning to issue ordinary shares with a 1 to 10 ratio of priority of allotments for existing shareholders, at an issue price of Fls.125 per share of Fls.50. The value of this rights issue accordingly amounts to Fls.15.5m., it was announced here to-day.

The bank also disclosed that besides this rights issue, an additional amount of Fls.4.9m. of ordinary shares will be placed at an undisclosed price with the Ennia insurance company.

NMB said that the purpose of the issue was to reinforce the equity capital in response to continued strong growth. The balance sheet total rose to Fls.22.3bn. in 1976 from Fls.17.6bn. the year before.

Hong Kong exchanges to rule on merger

By Daniel Nelson

HONG KONG, April 6.

THE COMMITTEES of two of Hong Kong's four stock exchanges, The Far East Exchange and The Hong Kong Stock Exchange, have agreed that a merger may be possible.

A Hong Kong Stock Exchange announcement said that a meeting of members will be called "later" to decide the issue.

When the Securities Commissioner proposed a single exchange last year, all four groups opposed it. But last month talks between the Far East Exchange (due to open a new trading hall this Sunday) and the Kam Ngan, the two largest exchanges, were reported to be making steady progress.

Some Hong Kong Stock Exchange members are said to be apprehensive that their exchange may be left as odd-man-out of the big three. (The fourth, Kowloon Stock Exchange, accounts for less than 5 per cent. of total turnover).

A merger involving any or all of the big three exchanges would be an important stage in the development of the local securities market, offering opportunities for volume business, for automated and letter trading.

DESPITE "difficulties encountered by certain companies in the group," Jardine Industries announced a consolidated net post-tax profit of $HK12.6m. for the year to December, 1976, a 17 per cent. increase and an encouraging result after two dull years.

Much of the gain was realised in the last quarter, the profit after nine months having risen only 10 per cent. The directors say the group is well placed to take advantage of any sustained economic revival in the United States or Europe, and that both earnings and dividends should increase this year.

A final dividend of 17 cents is recommended, making a total of 23 cents, a 9.5 per cent. increase over 1975. Earnings per share rose from 36 cents in 1975 to 42 cents.

Kemanord to reverse downward trend

By William Dullforce

STOCKHOLM, April 6.

KEMANORD, the Swedish chemicals concern which made an abortive takeover bid for the larger Swedish match group at the end of last year, expects to reverse the downward profit trend of the last two years in 1977.

Writing in the final report for 1976 Mr. Ove Sundberg, the managing director, foresees a slight upward trend in group business during the first half of this year and a "tangible improvement" towards the end of the year. Kemanord will continue to seek out expansion possibilities.

The high level of liquidity, which made it possible for the concern to bid for Swedish Match, was reduced slightly in 1976 but Mr. Sundberg still had Kr.259m. in hand at the end of the year.

He is understood to be still interested in achieving some form of co-operation with Swedish Match particularly in the consumer goods field, where Kemanord has been expanding swiftly over the past three years.

Kemanord earnings slipped from Kr.191m. in 1974 to Kr.154m. in 1975 and Kr.135m. (£18m.) last year despite a Kr.345m. increase in turnover over the two years to Kr.1.79bn. (£266m.). During the recession, which has affected Kemanord's PVC and Silicon production, Mr. Sundberg has been unable to meet his target of 14 per cent. return on capital employed. In 1976 the return was only just over 10 per cent.

In addition to the weak silicon market and a fall in power production, the 1976 result was affected by a stagnation in earnings in the fast-growing consumer goods division, which has overtaken the PVC division in sales (Kr.397m. against Kr.364m.).

The costs of last year's acquisitions, which included R. and G. Cuthbert in Britain, and the integration of the new companies, held back profit growth in this division. The emphasis this year will be on consolidation and expansion within the new framework of the division and a substantal improvement in profitability is expected, according to the final report.

Profits moving higher, reports Metall MG

BY GUY HAWTIN

FRANKFURT, April 6.

METALLGESELLSCHAFT (MG), the Frankfurt-based metals, engineering and transport concern, is expecting higher operating profits in the current 1976-77 busness year. For 1975-76, the concern's management is proposing an unchanged 10 per cent. dividend despite a further fall in net profits.

Dr. Jakobus Greven, a member of the MG executive Board, explained that performance in the processing sector had continued to improve in the first five months of 1976-77 and losses had fallen further. Against this, the management was reckoning on a stronger decline in the metals sector. Here, a decisive factor would be performance in the concern's metal production operations—particularly that of the zinc smelters.

In the other areas of the group's activities, it was the considered opinion of the executive Board that things would not go quite as well as in the previous year. However, MG, having disposed of its holding in the loss-making Leichtmetall-Gesellschaft, would not have to bear a continued heavy drain in the aluminium sector.

Performance in the first five months of the current business year was better than that recorded in the period of the previous 12 months. But it was somewhat under the average for the second half of 1975-76. No forecasts of a 1976-77 dividend were given.

Investment in capital equipment will this year total DM193m. compared with the previous business year's DM153m., while financial investment will go down from DM23m to DM17m. Depreciation will rise slightly from the previous year's DM153m. to DM155m.

On the whole 1975-76 had been "substantially" better than the previous business year. Operating profits had risen, mainly as a result of a considerable improvement in the second half of the year, sufficient to cover extraordinary costs and strengthen the concerns' internal resources.

MG's external turnover went up from DM6.08bn. to DM6.83bn. (£1.66bn.), while group turnover rose from DM5.49bn. to DM6.23bn. At the same time overseas sales as a proportion of total turnover rose from the previous year's 35 per cent. to 39 per cent.

The parent concern also showed a healthy increase in sales with turnover rising from DM4.4bn. to DM4.99bn. (£1.22bn.) Net profits were down from DM25.1m. to DM18.3m., but earnings per share rose heftily from DM6.70 to DM14.10. Cash flow improved from the previous year's DM169.4m. to DM239m.

AUSTRALIAN COMPANIES

Myer disappoints with $26m.

BY JAMES FORTH

SYDNEY, April 6.

MYER EMPORIUM, Australia's largest department store retailer, managed to lift profit only 7.7 per cent. from $A24.2m. to $A26.1m. in the 12 months to January 1. Group sales rose 5.5 per cent., from $A509m. to $A537m. indicating that Christmas spending was not as buoyant as commonly believed. The directors said the overall result was poorer than expected even considering the depressed economic climate. The Myer performance lags well behind that of other major retailers. Waltons was the pace setter with a profit gain of 50 per cent.

Myer is usually among the more dynamic performers, but its earnings and sales growth have been relatively stagnant for the past 12 months.

The directors said in December that because of the relatively poor profit prospects for 1977 the company would concentrate on improving its existing operations. It is planned to spend $A31m. on store improvements and upgrading of the group's product lines.

Despite the modest gain the interim dividend is lifted from 4.5 cents a share to 5 cents. Last year a final of 5.5 cents was paid.

Kiwi Int. hopes for record year

KIWI INTERNATIONAL, household products group, is expecting a record profit for 1976-77 following a 24 per cent. increase in earnings for the six months to February. Profit rose from $A801,000 to $A993,000, continuing the improvement last year, when earnings doubled after four relatively poor years. The directors said to-day they believed that trading results for the second half would be satisfactory and the full year's result should be higher than in 1975-76. Gross revenue rose 28 per cent. in the latest period, from $A22.6m. to $A28.9m.

Interim dividend is held at 4 cents a share. Last year a final of 5 cents was paid, making a total of 9 cents, compared with 2.5 cents for the preceding three years.

Lysaght recovery

JOHN LYSAGHT (Australia), sheet steel manufacturer and distributor, staged a recovery in 1976, boosting earnings from $A1.8m. to $A9.9m.

The result is highest than the $A7.5m. earned in 1974 but still well below the record result of $A12.5m. in 1973.

The directors of Lysaght, which is owned equally by Broken Hill Proprietary and Guest Keen and Nettlefold of the U.K. attributed the recovery to a 19.9 per cent. increase in sales of steel sheet and coil.

They said last year's sales were affected by customers running down their stocks as well as by the recession. Higher prices due to inflation also helped the group achieve a 34 per cent. gain in sales to $A386m.

Alcan rights issue

ALCAN AUSTRALIA to make one-for-four rights issue to help finance its previously reported expansion programme, reports Reuter from Sydney.

The company is owned 70 per cent. by Alcan Aluminium and 30 per cent. by a number of Australian institutions.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1986	105¼	106¼
Australia 8½pc 1991	101¾	102¼
Bowater 9½pc 1986	104½	105½
Can. Nthn. Rwy. 8½pc 1986	101	101½
Credit National 8½pc 1986	99½	100
Denmark 8½pc 1984	101½	102
ECS 9½pc 1986	104	104½
EIB 8½pc 1984	100½	101½
EMI 9½pc 1989	101½	102
Erap 9½pc 1985	102½	104½
Ericsson 8½pc 1989	100	101
Esso 8pc 1986 Nov.	102½	103½
Eurofima 8½pc 1983	101	101½
Granges 9½pc 1985	102	102½
Gt. Lakes Paper 9½pc 1984	101	101½
Hamersley 9½pc 1992	103½	104
ICI 8½pc 1987	98½	99½
ISE Canada 9½pc 1986	103	103½
Macmillan Bloedel 9pc 1992	102½	103
Massey Ferguson 9½pc 1991	104	104½
Michelin 9½pc 1988	103½	104
Midland Int. Fin. 8½pc 1986	101	101½
Modo 9pc 1986	100½	101
Nat. Westminster 9pc 1985	102½	103½
Newfoundland 9pc 1989	103½	104
Norges Komm. Bank 9½pc 1991	99½	100
Norpipe 8½pc 1989	99½	100½
Norsk Hydro 9pc 1991	103½	104
Norsk Hydro 8½pc 1992	98½	99
Oslo 9pc 1988	102	102½
Ports Autonomes 9pc 1991	100	100½
Prov. Quebec 9pc 1994	101½	102½
Quebec Hydro 8½pc 1986	99½	100
Prov. Saskatch. 8½pc 1986	101½	102½
Skandin. Enskilda 9pc 1991	102½	103
SKF 8pc 1987	94½	95½
Volvo 9½pc 1985	105½	106
Volvo 8pc 1987 March	97½	98½

NOTES	Bid	Offer
Australia 8½pc 1983	102½	102¾
Australia 8½pc 1986	102	102½
Bell Canada 7½pc 1987	99½	100
Dow Chemical 8pc 1986	103	103½
ECS 7½pc 1982	97½	98½
EEC 8½pc 1982	101½	101¾
Enso Gutzeit 8½pc 1984	98½	99
Gotaverken 8pc 1982	101	101½
Hitachi Shipbldg. 7½pc 1984	97½	98½
Kockums 8pc 1983	99½	100½
Michelin 8½pc 1983	102	102½
Montreal Urban 8½pc 1981	101½	101½
Nat. Coal Board 8½pc 1981	100½	101½
New Brunswick Prov. 8½pc 1983	103½	104½
New Zealand 8½pc 1986	101	101½
Nippon Fudosan 8pc 1981	100½	101
Singer 8½pc 1982	101½	102
S. of Scot. Elec. 8½pc 1981	100½	101½
Swedish State Co. 7½pc 1982	99½	100½
Venezuela 8pc 1984	98	98½

FLOATING RATE NOTES	Bid	Offer
Allied Irish Bank 6½pc min. 1984	98½	99½
BNP 6½pc min. 1983	97½	98½
Bk. of Tokyo Holding 6½pc min. 1981	101	101½
IBJ 6pc min. 1982	99½	100½
Lloyds 7½pc min. 1983	101½	102½
LTCB of Japan 6½pc min. 1981	100½	100¾
Midland 7½pc min. 1983	102½	102¾
Wms. & Glyns 6½pc min. '84	100½	100¾

D. MARK BONDS	Bid	Offer
Austria 6½pc 1985	99½	100
Beecham 6pc 1983	103½	104½
Bergen 7pc 1989	100½	101½
BFCE 7pc 1987	99	99½
EIB 6½pc 1984	100½	101½
ICI 7½pc 1986	101½	102½
New Zealand 7½pc 1986	104½	105½
Norway 6½pc 1982	101½	102
Shell 6½pc 1989	101½	102½
Staatsforetag 7pc 1985	100½	101
World Bank 7pc 1987	100½	101

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	84	86
Ashland 5pc 1988	92½	94½
Beatrice Foods 4½pc	97½	99½
Beatrice Foods 4½pc 1992	106	105
Borden 5pc 1992	102	104
Broadway Hale 4½pc 1987	77	79
Canon Camera 7½pc 1989	130	—
Carnation 4pc 1987	83½	85½
Chevron 5pc 1988	124	126
Dart 4½pc 1987	80	82
Eastman Kodak 4½pc 1988	97½	99½
Economic Labs. 4½pc 1987	79	81
Fed. Dept. Stores 4½pc '85	100	102
Firestone 5pc 1988	84½	86½
Ford 6pc 1986	99	101
Ford 5pc 1988	88	90
General Electric 4½pc 1987	95½	97½
Gillette 4½pc 1987	79	81
Gould 5pc 1987	117½	119½
Gulf and Western 5pc 1988	84	86
Harris 5pc 1992	113½	115½
Honeywell 6pc 1986	89½	91½
ITT 4½pc 1987	83	85
Komatsu 7½pc 1990	106	107½
J. Ray McDermott 4¾pc '87	154	156
Mitsubishi Elec. 7½pc 1991	119½	121
Mitsui 7½pc 1990	107½	109
J. P. Morgan 4½pc 1987	100	102
Nabisco 5½pc 1988	94½	96½
Owens Illinois 4½pc 1987	116½	119½
J. C. Penney 4½pc 1987	80	82
Pioneer 6½pc 1988	203	—
Raymond 8pc 1983	115	117
Revlon 4½pc 1987	102½	104½
Reynolds Metals 5pc 1988	94	96
Sperry Rand 4½pc 1987	88½	90½
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	79½	81½
Toshiba 6½pc 1990	107½	109
Union Carbide 4½pc 1982	103	105
Warner Lambert 4½pc 1987	83	85
Warner Lambert 4½pc 1988	77	79
Xerox 5pc 1988	78½	80½

Source: Kidder, Peabody Securities.

GOLF: U.S. MASTERS

BY BEN WRIGHT

Statistics put Weiskopf and Irwin as favourites

AUGUSTA, April 6.

THERE IS strange symmetry to the U.S. Master. If you analyse the type of person who wins over the Augusta National Golf Club's course the picture emerges of a man who is both experienced and successful.

He is likely to be aged 32 and to have played in eight Masters tournaments; he will certainly be doing well on the American tour and will probably have won one major championship beforehand.

Last year Raymond Floyd fitted the bill almost exactly. He was aged 32, had played in 11 previous Masters and had won the American PGA title.

This year, on that basis, the tournament appears to lie between Tom Weiskopf, who is aged 34 and has played in 10 previous, and Hale Irwin, whose vital statistics are 31 and seven. Ideally, of couse, Irwin should win next year but no one is claiming that averages should be exact.

Both men have won previous championships. Irwin took the 1974 U.S. Open and Weiskopf, with one of the great displays in golf, won the British Open in 1973.

Overdue

Both have since threatened consistently to add another major title to their names and could be said to be overdue. Weiskopf, particularly, with four second place finishes at Augusta, deserves a green jacket.

He is certainly playing well enough in practice. On Monday he had a 65, followed by a 67 on Tuesday. But perhaps the most important aspect of Weiskopf's game is whether he is at one with himself mentally.

The signs are that he is. For instance, as he walked off the 18th green after his practice round on Wednesday he was asked how he had scored. He said: "I guess I was in the 60s again. Maybe it was the 50s because I only played 14 holes."

He went on to say that a player can be in the worst mood in the world but "as you drive down the magnolia lane you begin to feel you're going to win."

Irwin is a player with a similar temperament to Weiskopf but he manages to hide is rather more successfully. Nevertheless, he is far from convinced that statistics mean anything in the context of winning major championships. He puts more trust in his consistent play on the U.S. tour.

For the last 49 tournaments he has made the cut—the longest streak on the tour. He is 16th in the money-winners' list with $43,000 won this year and over $1m. in the nine years he has been playing the circuit.

But if either Weiskopf or Irwin are to win they will almost certainly have to beat Jack Nicklaus. So far Nicklaus has won 16 *major* championships and when he won at Inverary he took his total tour victories to 61. That ties Arnold Palmer's total, and is one behind that of Ben Hogan but still way behind Sam Snead's total of 84.

Nicklaus, incredibly, has won one out of every three Masters *championships. In doing* so he has earned $50 for every competitive shot at Augusta and averages nearly $14,000 per tournament.

He said yesterday: "I'm not as sharp as I like to be, but then I never am. Every tournament I play in I want to win, but in the back of my mind—that part I can't control—I am always thinking of the Masters and the major championships."

Nicklaus arranges his year around the championships and brought forth some ominous thoughts on the subject of the Grand Slam this year. "When I win one major championship it's a good year; when it's two it's a great year; if it's more it's a fantastic year. But I've never had a fantastic year.

"This year the four majors are on courses I both like and know—Augusta, Southern Hills in Tulsa, Oklahoma, Turnberry and Pebble Beach in California."

Nicklaus never allows himself to be drawn on the possibility of his winning all four. But clearly he is happy at the prospect once more of attempting the impossible.

Extended

One of the pre-Masters talking points has been the extended slump into which Johnny Miller has fallen. This year he has won precisely $1,173 and occupies an ignominous 157th place in the money-winners' list.

Miller said: "I don't know what the matter is. I'm trying as hard as ever but everyone goes through a period when they can't win. It happened at least once to Nicklaus, Palmer and Hogan.

"I don't expect to do well but no one else expects me to, either, so *I'll just go out there and hit* it *as hard* as I can. Anyone who says I'm finished must have an IQ of about 40."

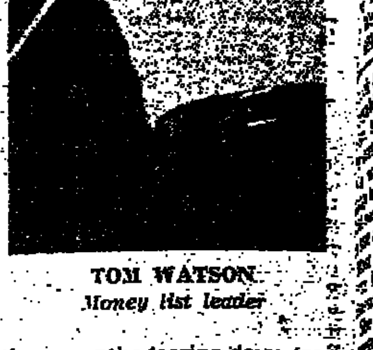
One of the possible reasons for Miller's poor showing is that during the winter he bought a ranch in California. He spent three months tearing down trees and generally putting the place to rights.

As a result he put on 15 lb in weight and developed a lot of non-golfing muscle. Consequently Miller's short game, formerly almost magical in its delicacy is now only ordinary.

In the absence of a strong contender from the U.K., Australian Graham Marsh is doing a grand job for the Commonwealth.

In his first year on the U.S. tour he has won a tournament, the Heritage Classic, and, with $84,000 won so far, is third on the money list behind Tom Watson and Bruce Leitzke. Last year Marsh finished eighth in the Masters but hopes to improve on that.

Marsh has a troublesome hip condition and is taking regular cortisone injections which last for a month at a time. He had one earlier this week and *is* confident that he will play without pain.



TOM WATSON
Money list leader

Coveted

Marsh also did a good propaganda job on behalf of British golf when asked by some American journalists whether he considered the Masters to be the most coveted tournament in the world.

"No, I don't," he said quite emphatically. "For me the British Open is the world championship. It's played on historic courses in Scotland and England and with the strongest international field of any tournament."

Peter Oosterhuis, despite his current 83rd position in the money list, is still probably Britain's best bet for the tournament. He, too, has been physically unwell, having withdrawn from last week's Greensboro tournament.

But he is still the best and most experienced of the British players and is the only one even in good form. Tommy Horton and Christy O'Connor Jr. are both here and in good heart. Horton believes that he has acquired extra length since his last appearance four years ago.

He will need every inch of it if he is going to break the dismal sequence of having played four times and never made the cut.

TENNIS

BY JOHN BARRETT

Rohun Beven wins BP Trophy

IT WAS a good day for Rohun Beven yesterday at Queen's Club. By beating Andrew Jarrett 6—3, 4—6, 6—2, in the fifth and final leg of the BP Trophy Winter Series, he earned himself £40 and also took the first prize of £50 from the bonus pool.

The boy who had started the week in first place on the points table was Christopher Kaskow but his defeat by Jarrett in the second round relegated him to second place overall and a prize of £40.

The slight Cheshire girl, Anne Hobbs, who has made significant advance in the past six months, won yesterday's final against her old rival Jo Durie of Bristol 6—3, 6—4.

This lifted her to second place overall so that she took home £80. But she could not prevent Miss Durie from winning the top prize of £50.

Having just returned from a series of competitions on slow courts in the South of France, all four players played below their best.

The adaptation to fast wood is not easy but one would have hoped to see potential Davis Cup and Wightman Cup players adapt more readily, particularly as they do so much of their training on the Queen's Club courts.

This new series, however, has undoubtedly proved its worth already in the early season results overseas. And Miss Hobbs had the added satisfaction last week-end of defeating Wightman Cup player Leslie Charles on home ground.

Paul Hutchins, Britain's national team manager, said: "The value of this series can be assessed by the improved form of our younger players.

"With competitive opportunities so difficult to find the results in the BP Trophy tournaments have helped me considerably in selecting teams for our international matches."

The action now switches out doors with the two Easter tournaments at Southport and Birmingham with the Cumberland Clubs tournament in Hampstead, newly sponsored by the Debenham group, starting next Monday.

It is tournaments of this sort that are so vital to the general health of the game. They form those vital stepping stones to the grand prix tournaments later in the season so that all our best youngsters will be taking part.

ENTERTAINMENT GUIDE

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CINEMAS

ART GALLERIES

CLUBS

BOOKS

Queenly passion

BY C. P. SNOW

Catherine the Great by Joan Haslip. Weidenfeld & Nicolson, £6.50. 404 pages

This book, *Catherine the Great*, is an enjoyable piece of historical information, but should be taken with the author's own warning. It isn't a work of scholarship. Miss Haslip hasn't gone in search of original sources. From internal evidence she appears not to know Russian. Most of her material, to judge from her odd transliteration of Russian names, has been French. She has simply set out, without pretentiousness or fuss, to tell the story of a remarkable woman who led an even more remarkable life. Within those limitations, the book is considerable fun, and rather more than that, since Joan Haslip has an eye both shrewd and merciful for the velleities of human beings, particularly when they have taken their clothes off. This, the Court of Catherine the Great, and above all the Empress herself, did with enthusiastic frequency.

Catherine the Second was a woman whose senses were warmer than her head. She arrived in Russia at the age of fifteen to become the wife of the Empress Elizabeth's nephew and heir designate—later, and for a very short time, the Tsar Peter III. Catherine, whose original Christian name was Sophia, came from a minor and impoverished German noble house. Minor German principalities and dukedoms were already, in the mid-eighteenth century, being called on to supply harmless marriage partners for the major thrones of Europe. By the time of Catherine's grandson, there was scarcely a Russian gene in the Romanov family, nor was there afterwards right up to the end of the dynasty. The same was true, of course, with our own Royal family. They were also hereditary Germans. Yet somehow the Romanovs managed to become more Russian than the Russians, and it would be hard to produce men more like quintessential English country gentlemen than George V and George VI.

Partly from policy, partly from emotion, Catherine sank herself into her adopted country. She had been brought up as a Lutheran, but she didn't find the transition to the Orthodox Church unbearably painful; she remained in theory a child of the Enlightenment, except when her precepts conflicted with the realities of Russian power, as they usually did. She did find her marriage unbearably painful. Peter wasn't bright, mentally, and distinctly unattractive. Further, and much worse, he couldn't, or didn't, consummate the marriage for nine years. This may have been because he suffered, like Louis XVI in similar circumstances, from phimosis (contraction of the foreskin), which was finally coped with by a simple operation. Whether the child who became the Tsar after Catherine's death was really his, no-one will ever know. Catherine, who preserved a lifelong hatred for her unfortunate husband, said that he wasn't. She had a highly charged amorous temperament and didn't endure compulsory virginity for long.

She also had a cool and entirely unscrupulous eye for the main chance and for power. The Russia she had married into was a gigantic muddle of contradictions. Prodigious luxury amongst the upper class, subsistence poverty for the 90 per cent or more who were serfs tied to the land. Even in the upper class the houses were magnificent but usually had little furniture. What furniture they had they carted about on their travels. The bureaucracy was everywhere, fatuously incompetent and corrupt. Catherine had no doubt that she was born to get some order into this chaos. She ought to be its ruler.

All the aristocracy round her wanted to get rid of Peter. She thought that this was a very good idea. Within a few months of his accession, he was murdered by a family of adventurers called Orlov, intimate friends of hers. There is no doubt that she was in the complicity. She wasn't tormented by a bourgeois conscience. She made things doubly sure by seeing that another descendant of Peter the Great was eliminated. She was then secure as the undisputed Autocrat of all the Russias.

For nearly 40 years she did a good job. She was abnormally lucky and the chances of European power politics worked in her favour. Perhaps whatever had happened Russia would have been bound to emerge as a great power: but Catherine's hard sense of power politics helped the process on. She had a good methodical German liking for orderly government, worked herself at many hours office routine each day, and established some discipline at the top levels of the state. Despite her enlightenment principles, she couldn't do anything about the misery of the rural masses and about serfdom—that appalling problem left its mark until our own day. Since she couldn't do anything about it, she dismissed it ruthlessly from her mind. She spent money with extravagant lavishness, beautified Petersburg, began the Hermitage collection. She was a good judge of men for official jobs, and put up with several whom she neither liked nor trusted, just because they were necessary.

She was a good judge of men in another capacity. *Il faut être gai*, she said, and lived up to her own exhortation. She would have understood the *cri du coeur* of a famous film actress, who with genuine outrage asked a Hollywood gossip writer: "Do you expect me to sleep alone?" As soon as she was Empress and liberated, Catherine rarely slept alone. In her youth she had her attractions. *Fine bright*—though somewhat cold—blue eyes. A lively smile. Nice skin. Curves (in later life she became very fat). She said herself that she was never beautiful but that she pleased.

She worshipped a good many of her men, and begged, importunately, humbly, for their attentions. That wore some of them down, probably more than her sexual demands, which were considerable. She had a ten-year-long affair with one of the Orlovs, a wild magnificent man, something like an uneducated Walter Raleigh. She may have married Potemkin, by far the ablest of her lovers—very Russian, man of action, demonic and also mystical, one of the most interesting figures of the 18th century.

Between real loves, for which she had a touching aptitude, not only erotic, she filled in with handsome young Guards officers, carefully selected. These had to be vetted before they were installed in her bed. They were vetted by one of her closest and discreetest friends, who was known in the Court as l'Eppreveuse. In due course, the Eppreveuse unfortunately fell in love with a candidate on trial, and continued to make love with him after he was installed as the Empress's favourite (which became something like a formal office). One night l'Eppreveuse and the favourite were discovered. Catherine was magnanimous. L'Eppreveuse was told mildly that it might be wise for her to join her husband in Moscow, where he was Governor. The favourite was given a present and sent back to his regiment.

Catherine was going strong with the latest young favourite until, at 66, she had a stroke and died.

Queen Catherine: cool and unscrupulous

U.K. ECONOMIC INDICATORS

General	1977 Mar.	1977 Feb.	1977 Jan.	1976 Mar.	1976 Feb.
Unemployment ('000s)	1,383.8p	1,431.3	1,448.3	1,285.0	1,304.4
Unfilled vacancies ('000s)	144.8p	135.8	n.a.	88.8	99.5
Currency reserves ($bn.)	9.97	7.79	—	5.965	7.824
Basic materials (1970=100)	347.4p	333.7	337.9	274.2	263.9
Manfd. products (1970=100)	250.5p	248.2	244.9	208.6	207.3
Bank advances (£bn.)	15.907	16.041	16.184	14.080	14.317

	1977 Feb.	1977 Jan.	1976 Dec.	1976 Feb.	1976 Jan.
Wage rates (July 1972=100)	222.6	223.1	220.2	205.1	206.9
Retail prices (1974=100)	174.1	172.4	168.0	149.8	147.9
Terms of trade (1970=100)	80.8p	81.4	78.6	81.2	81.0
HP debt (£m.)	2,691	2,661	2,682	2,296	2,299
Retail sales value (1971=100)	218.1	217.6	214.5	189.6	193.2

	1977 Jan.	1976 Dec.	1976 Nov.	1976 Jan.	1975 Dec.
Industrial output (1970=100)	103.9	102.9	103.0	101.1	99.9

Trade and Industry	1977 Feb.	1977 Jan.	1977 Jan.-Feb.	1976 Feb.	1976 Jan.-Feb.
Steel, weekly average ('000 tonnes)*	424.8	483.9	436.8	450.4	421.3
Imports (fob) (£bn.)	2.621	3.004	2.813	2.004	1.989
Exports (fob) (£bn.)	2.432	2.472	2.452	1.751	1.764
Visible trade balance (£bn.)	-0.189	-0.532	-0.360	-0.253	-0.225
Bricks (millions)*	413	387	400	424	431
Cement, weekly average ('000 tonnes)*	268	209	238.5	282	279
Cars ('000s)	101	128	114.1	127	116
Commercial vehicles ('000s)	34.0	37.5	35.7	32.5	31.5

	1977 Jan.	1976 Dec.	1976 Dec.	1976 Jan.	1975 Dec.
TV sets ('000s)†‡	209	227	209	176	217
Radios, radiograms ('000s)†‡	141	161	166	443	185
Houses completed ('000s)†	20.2	26.6	26.2	23.9	28.7
Furniture (1970=100)†*	172p	168	153.7	157	159

	1976 Dec.	1976 Nov.	1976 Jan.-Dec.	1975 Dec.	1975 Jan.-Dec.
Man-made fibres (m. kgs.)*	53.41	54.26	51.52	46.19	46.85
Machine tools (£m.)‡	34.7p	31.7p	30.1	29.9	27.3
Raw cotton, weekly average ('000 tonnes)§	1.93	2.81	2.3	2.13	2.09
Hosiery (1970=100)	105p	103p	100.7	88	94
Electric cookers ('000s)††	100.6	92.4	82.5	63.7	75.8
Washing machines ('000s)††	84.5	84.4	80.4	49.5	77.9
Engineering orders on hand (1970=100)**	91	92	91.9	98	111.3

	Nov.	Oct.	Jan.-Nov.	Nov.	Jan.-Nov.
Petroleum (m. tonnes)h	7.216p	6.555	6.580	7.062	6.63

	Oct.	Sept.	Jan.-Oct.	Oct.	Jan.-Oct.
Raw wool (m. kilos)§	10.5	10.6	10.6	9.7	9.2

	4th qtr.	3rd qtr.	Year	4th qtr.	Year
Consumer spending (£bn. 1970 values)	8.965g	6.622	25.571	8.804	35.413
Motor trade turnover (1972=100)	175	178	174	133	143
Building and civil engineering (£bn.)c	3.262g	3.245	3.173	2.998	2.902

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. || Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. ∆ Prices. ¶ Including cooker-griller toasters. c Value of output. ¶ United Kingdom not seasonally adjusted. g First preliminary estimate. p Provisional figures. h Deliveries of petroleum products for inland consumption. n.a. Not available.

Fiction

Indian strife saga

BY ISOBEL MURRAY

A Situation in New Delhi by Nayantara Sahgal. London Magazine Editions, £4.50. 165 pages

Sombrero Fallout by Richard Brautigan. Jonathan Cape, £3.50. 187 pages

The Man From Next Door by Honor Tracy. Hamish Hamilton, £3.75. 186 pages

An Evil Streak by Andrea Newman. Michael Joseph, £4.25. 224 pages

Recent events in India have lent a peculiar interest and topicality to Nayantara Sahgal's novel. How often, during election forecasts and reports, did we hear of "the Congress party, that has ruled India for nearly 30 years"? One central thesis of this talented and sometimes daring novel is that through the death of the dead charismatic leader Shivraj (based on Nehru) we realise that the Congress party has been silently transformed, and that the only means to return to the values of Shivraj is to leave and overturn the party. Perhaps between them the opposition parties may even prove in time to have done something of this.

Shivraj's sister Devi has remained Education Minister, but is increasingly unhappy and dissatisfied with elements in government she does not understand. Her former lover Michael Calvert, whom only her great love for and partnership with Shivraj prevented her from marrying, returns to India to write her brother's life story. And her other oldest friend, Usman Ali, is about to erupt from his post as Vice-Chancellor of Delhi University, to lead the students on the streets for appropriate educational reform, peacefully, Gandhi-fashion.

The company of these two sharpens Devi's uneasiness, but it is a personal moment of misgivings in a Cabinet meeting that propels her to leave the party to the building of which she and her brother devoted their lives. She has still to face the discovery of her son's death and the fruitless terrorist life he is proved to have led: at 44 she is desolate, unwilling to begin anew.

So the book does not end simply: it ends with Devi's desolation and with Michael's intuition that Shivraj may not be wholly dead. It is a brilliant and provocative piece of fact-based fiction.

In *Sombrero Fallout* Richard Brautigan has characteristically written a double fiction, in which a love-deserted American humorist attempts to write, driven distracted by the loss of his Japanese lady. While the writer searches the floor for one of his ladylove's long, black strands of hair, unnoticed his little story of a mysterious hat develops by itself in the waste-paper basket, develops to calamitous proportions.

In the love story nothing happens. The humorist gnaws at himself in jealousy which the reader sees to be unjust: although she will not return to him, Yukiko calmly sleeps, dreaming in tune with the purring of a cat. The writer gets no further than attempting to write a Country and Western song about his Japanese lady. But the sombrero . . .

We never understand the sombrero, which no one notices to be sub-icily cold. A riot develops around it: people are transformed into roaring beasts, and eventually the town arms itself against and fights the U.S. Army. Even Norman Mailer has to be called in. Brautigan becomes more and more a master of American black absurdism, so that he is funny, and lighthearted as well as uneasy-making.

Unease is a central quality of Honor Tracy's accomplished novel. We are presented with two versions of one story, and left to judge which, if either, is correct, and which narrator, if either, is sane. The tale is first told by Penelope Butler, surprisingly written in prison where she awaits trial for uttering forged banknotes. Her only defence is that the fake notes must have been hidden behind her immersion heater by the man next door, for no conceivable reason. Penelope Butler is a retiring young woman who left art-teaching on winning the Pools, and lives a quiet life of ease and satisfaction until John Cruise comes to live next door. Then comes his determined effort to intrude on her life; his hint that the neighbours suspect her of unnameable crimes, his importation of an enormous Indian family who permeate the exclusive building with curry smells and over whom Penelope foolishly lends Cruise £600; his aggressive friendship with her unexpectedly poetic aunt—his departure for Spain.

Cruise's story corroborates Penelope's in some ways: he was a teller at the bank which registered her Pools win. But is he mad? Or is she? Or both? A highly entertaining and surprising novel.

Barbed people seem to be Andrea Newman's specialty, and *An Evil Streak* dissatisfies me, while I admire it, in the same way as did *A Bouquet of Barbed Wire* on TV. Too many quirky people, each well drawn, interacting in an impossibly unlikely situation. The number of abnormal characters, for me, directly diminishes the effectiveness of each.

The central figure of this book is the most evil and most satisfactory, Alexander Kyle, elderly retired academic who is leisurely translating Chaucer into modern English, and engaged in playing Pandarus to his goddaughter Gemma. He has always encouraged this fatherless child in mischief, and when she is happily married to a rather stiff doctor and has two children he fancies her, secretly, and finds an affaire for her to have, in his flat, with a young man he also fancies.

The nasty details can be left to the ageing voyeur behind his one-way mirror. The book starts and ends with violent bloodletting, and to me is marred by too many other curious people, including the actor-lover David and his wife and her secret friendship with Kyle. But the hateful, hating old man who cannot forgive Gemma for leaving her blood all over his flat and never returning is a very memorable character.

Richard Brautigan: story of a Spanish hat

Onward where do we go?

BY MALCOLM RUTHERFORD

The Next 200 Years by Herman Kahn, William Brown and Leon Martel. Associated Business Programmes, £5.95. 241 pages

Dr. Herman Kahn and the Hudson Institute have done it again, though the perspective has now receded from the year 2000 to 2176—a run so long that not only our children, but also our children's children will all be dead. It is therefore very difficult to say whether they will be proved right, or wrong.

The thesis, however, is relatively simple. It is that whereas 200 years ago—the year incidentally of the American Declaration of Independence—human beings almost everywhere were comparatively few, poor and at the mercy of the forces of nature, 200 years ahead they will be both numerous and rich and the forces of nature will have been controlled.

To reduce it (or perhaps elevate it) to figures: in 1776 the world population was 750m., in 1976 it was 4.1bn., and in 2176, according to the Hudson estimates, it could have stabilised at around 15bn. Gross world product—in fixed 1975 dollars—was $150bn. 200 years ago. It is now around $5.5 trillion and in 200 years' time it could be $300 trillion. Per capita product advanced from $200 in 1776 to $1,300 last year, and could reach $20,000 in 2176. In other words, the last 200 years have been pretty good, but the next 200 should be even better.

Most of the supporting evidence will be already familiar to those prepared to take a rational look at the possibilities of science and technology. Alternative energy sources are already known. Most other natural resources are either capable of substitution or can be re-cycled. As for agriculture, the real revolution may have scarcely even begun. A recent article in a specialist magazine was headed: "Soil? Who needs it?" Given the right techniques, it appears to be quite unnecessary.

That sort of evidence is still a little bit hypothetical, but there are other more telling and proven points. For example, the average economic growth rate for the less developed countries in the 1960s—at 5.5 per cent—was actually higher than the United Nations target. Again, the birth rate in a number of developing countries has already started to decrease in line with increasing life expectancy and greater economic prosperity. In this respect, the developing countries are beginning to follow the pattern of the developed.

The key question, of course, is not whether the sort of growth that Dr. Kahn is talking about is theoretically achievable, but whether it will be achieved in practice, and to that there can be no answer—only a few pointers. On the long time-scale, for instance, the recession and the oil crisis of the mid-1970s need be no more than a kink in the curve, just as two world wars did not ultimately reverse the trend of world industrial growth. Even Hiroshima—perhaps the ultimate in man-made disasters—is to-day a thriving city with a population twice that of 1945.

It may be argued that it is precisely the temporary reversals in the long term trend which are of most interest and concern in that they undermine confidence in the development process. That is exactly what is happening today. But it is also why the Hudson study, however sketchy and at times ridiculous (the odds are "five to one or better that all serious problems will be successfully dealt with"), is of some value. It is a reminder that progress has been made, is being made even now, and can be made in the future.

Crimes in short

BY WILLIAM WEAVER

Running Scared by Gregory Mcdonald. Gollancz, £3.80. 214 pages

As he showed in his highly successful *Fletch*, Gregory Mcdonald feels a wry sympathy for the urban American young. This time, however, the environment chosen is the rich east coast of Ivy League universities, posh summer resorts, smart houses off Fifth Avenue in the 70s. The new novel is not exactly a crime story. It is a study of character: the character of Tom, a young Harvard student who coolly watches his friend and room-mate commit suicide. The author investigates the apparent enigma of the icy Tom with acumen and understanding. Tom never becomes likeable, but he is at least made comprehensible. The surroundings are neatly and accurately described. The writing alternates between careless ("nauseous" for "nauseated," "you're" for "your") and strikingly perceptive, especially in the dialogue.

Recoil by Brian Garfield. Macmillan, £3.95. 335 pages

Mr. Garfield's protagonists tend to be men who, for well-explained reasons, take the law into their own hands and, in the author's clear opinion, are better than the legal establishment in administering justice. A tricky, even mischievous point of view: this moral ambiguity may well disturb some readers. On the other hand, Garfield is a natural story-teller. His new novel, like its predecessors, is masterfully plotted and narrated with tense economy.

Childers riddle

BY GEORGE MALCOLM THOMSON

The Riddle of Erskine Childers: a Biography by Andrew Boyle. Hutchinson, £6.95. 351 pages

If only Erskine Childers had taken the advice given him by George Russell (AE), poet and mystic, and kept out of the "bog of Irish politics"! But, as Sean O'Faolain said later, "He was what the Russians call a fatal character"—and what the Scots call "fey"—"and the shadow of his doom was over him from the first." So the life was strange and the end was tragic.

Consider. The beginnings were conventional enough; born in a well-to-do Anglo-Irish family of gentry with a touch of sephardic Jew, and a wayward strain of Scots.

Educated: Haileybury. Profession: Clerk of the Committees in the House of Commons. Politics: Imperialist, and as time went on, Liberal. Patriotic enough to volunteer for the South African War. Author of a brilliant polemical novel, *The Riddle of The Sands*, the fruit of his passion for yachting and his fascination with strategic problems.

The hero of *The Riddle*, sailing among the Frisian Islands, stumbles on a secret German plan to invade Britain. So far, Childers had the life of an adventurous young man of talent and (obviously) of courage, utterly devoted to his country.

Then marriage to an attractive, although crippled, American girl he met on a visit to Boston. A love-match which lasted all his life and has been held by some to be the explanation of the unexpected twist that his life took. When the Irish Treaty was being negotiated, and Childers had emerged as the most uncompromising enemy of anything short of a complete victory for Irish republicanism, it was believed in high British circles that Molly Childers's bitter hatred of England was the decisive factor in his extremism.

On this important point Andrew Boyle has impressive and, it may be thought, decisive evidence to the contrary. In February 1918, Childers was serving as a naval officer, but had already shown, a few weeks before the outbreak of war, his active enthusiasm for the romantic side of the Irish Nationalism by using his yacht to run guns for the Irish Volunteers. The question arose whether Childers should make his home in England or Ireland.

Molly was passionately of the opinion that his loyalty to England took precedence over his protective feeling for Ireland. "She had turned her back on America for his sake; now he must make a similar sacrifice for all their sakes"—theirs and their English sons.

Childers disagreed, and won. Significantly enough, when Molly came to sort out his papers after his death, she expunged every reference, direct or indirect, to this momentous quarrel. By that time, the Childers legend had been established, sanctified by the martyr's blood, and she did not wish to appear in history as the wife who tried to stand between him and his heroic destiny:

"If it was in character," [says Boyle] "for this strong, resolute woman so to 'cook the evidence' as to mislead members of her own family, quite apart from posterity, it cannot be said that Erskine Childers's oblique and guarded allusions to the dispute were wholly out of character either."

For Childers, the Great War was an experience extraordinary and dangerous enough to have satisfied any temperament less desperate than his. In the summer of 1914 he was called back from Ireland, where he had been embroiled in Nationalist law-breaking, and without delay was set to work by Winston Churchill planning a naval attack on the island of Borkum.

A month after he had run guns into Howth, he was flying over the North Sea in one of the crazy seaplanes of that day. It was a vertiginous life in more ways than one. Later, an English friend, seeking an explanation of his career, thought that he was thrown off balance by the nervous strain of aviation in the war. It may be so, but is it not equally possible that Childers had *less* of the excitement of that war than his nature craved and that, far from being unbalanced, he was dissatisfied?

A pathetic thing about his passion for Ireland was that his love was not returned. His manner was too English. His known role in British Intelligence led, naturally enough, to the suspicion that he was playing a double game. In the end, he was caught in a controversial web more and more unreal, more and more "theological," in which the definition of a word like "republic" became more important than the fact of freedom. Looking back on it now, with the Commonwealth containing more republics than kingdoms, it seems strange that intelligent men should have so bemused themselves about these matters while the Treaty was being negotiated.

Above all, there was the problem of Ulster, which Childers always refused to face. Yet Ulster was not invented by Carson. Not long before the Battle of the Boyne, a distinguished Dutchman visiting Ulster was mystified to find that the people there refused to be called Irish. They were Scots, they insisted.

But before the end, he, the suspected Englishman, was more Irish than the Irish: the Free State firing squad was waiting for him, as the Republican gunmen were waiting for Michael Collins. The last scene in Beggars Bush barracks was noble; the deeply moving letter to his wife, the last words to the firing party "Take a step or two forward, lads. It will be easier that way."

As was to be expected, Andrew Boyle has written a biography worthy in eloquence, patience, thoroughness and scrupulous fairness, of the life it describes. A magnificent piece of work. Here is the passion that belonged to the man and the pity that belongs to the historian.

Erskine Childers in British uniform around 1900

Persian and Briton

BY RONALD FERRIER

The English Amongst the Persians by Denis Wright. Heinemann, £6.50. 218 pages

In quoting the concluding lines from Lord Curzon's opus magnum, *Persia and the Persian Question*, Sir Denis Wright has provided the most appropriate commentary on his own book. "I hope," wrote Curzon, "I have shown it to be a country that should excite the liveliest sympathies of Englishmen." Sir Denis has written the liveliest of books full of sympathy for *The English Amongst the Persians* in the 19th century and of understanding for Persia under the Qajar dynasty. A fascinating succession of diplomats, soldiers, scholars, doctors, missionaries, engineers, merchants and intrepid travellers appear and enliven the pages with their experiences, failures and successes.

One must not exaggerate the British strength in Persia. In the mid-19th century the British-born community was about twenty strong. It was the geopolitical aspects which were the main concern of a comparatively small number of officials in Calcutta and London. After Napoleon invaded Egypt, fears were expressed about the security of the British position in India. This preoccupation with the defence of India, and distrust of Russian intentions in that direction, as Sir Denis so clearly explains, was the main motive of British policy towards Persia off and on for the rest of the century.

It was not an easy life, as Sir Denis recounts. The hazards of travelling were daunting, the mullas were often intolerant and subjected foreigners, particularly in the provinces, to insults and indignities, social life was restricted and repetitive, sports few though an Englishman reintroduced polo, feminine company was conspicuous by its absence, friendship with Persian families exceptional, loneliness morale sapping, hygiene rudimentary and epidemics frequent. The family griefs of Sir Robert Murdoch-Smith remain a sad tale of the period. In 1869 he married in Tehran the sister of one of his colleagues. Of nine children, all but one born in Persia, four died in infancy. In 1883 his wife died and in the following year three more of his children died in successive days at Kashan.

It is perhaps surprising in the face of much discouragement and trying conditions that the English accomplished so much in Persia. Sir Denis draws our attention to people such as Sir John Malcolm, E. Scott Waring, Sir Harford Jones, James Morier, William Ouseley, Sir Robert Ker Porter, James Baillie Fraser, Henry Layard, Isabella Bird, Lord Curzon, Sir Arnold Wilson and Professor Edward Browne, who published interesting accounts of their travels in Persia.

He mentions the drawings of Ker Porter, the histories of Sir John Malcolm and Sir Percy Sykes, the cuneiform inscription of Bisitun deciphered for the first time by Sir Henry Rawlinson, the achievements of Sir John Bateman-Champain and Sir Robert Murdoch-Smith in constructing and serving the telegraph lines linking Europe with India through Persia, the determined engineer, G. B. Reynolds, who persevered in the deserts of Khuzestan to find the oil upon which the power of modern Iran has been founded.

While there were some scallywags among the enterprising traders in Persia, most of those concerned with merchandising, shipping, banking and the oil industry were notable for their achievements "at a time of chronic instability." As for the much maligned frontier-makers "who else" asks Sir Denis, "than the British could, at that time, have undertaken the task? And without a fixed frontier-line in that turbulent corner of Asia the peace which has endured there ever since would surely have been broken." Not least among the revelations which Sir Denis gives us is that, whatever their faults or virtues, at least one of the English had the prescience to back the winner in the Persian power stakes—Riza Shah—with all the consequences which that has meant for modern Persia—Iran.

Concessions and privileges—yes; but scholarship and esteem was also part of the legacy of the *English Amongst the Persians*, as Sir Denis himself so admirably demonstrates in a well-produced volume.

Steady to firm in early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 6.

A STEADY to firm trend developed on Wall Street to-day, although many investors still are not ready to take risks on the buy side while the outlook for inflation is uncertain.

At mid-day the Dow Jones Industrial Average was up 0.67 to 916.81 and the NYSE All Common Index

Closing prices and market reports were not available for this edition.

gained 5 cents to $53.35, while advances held only a narrow edge on declines. Approximately 7m. shares changed ownership, compared with 9m. by noon yesterday.

Bank America again led the actively traded, recovered $¼ to $25¾—the company, which manufactures pinball machines, has been active on prospects of legalised Casino gambling.

Bally Manufacturing, also actively traded, recovered—the company, which manufactures pinball machines, has been active on prospects of legalised Casino gambling.

Sears fell $1 to $59. Kerr McGee $1¾ to $61¾ and Oak Industries $1¼ to $15¾.

Avon gave up $¼ to $46¼—analysts raised some questions about growing risks of "door-to-door" selling of cosmetics products.

Molycorp put on $⅝ at $51¾ and Super Value Stores improved $1 to $22¼.

Digital Equipment added $⅜ at $42¼, Texas Instruments $¾ at $84 and Hewlett-Packard $⅜ at $73

Procter and Gamble gained $⅜ to $77¼.

Prices also firmed on the American SE where the Market Value Index put on 0.07 to 110.96, but the trading volume dropped 440,000 shares to 510,000 shares compared with mid-day yesterday.

Syntex, the most active issue, rose $1 to $18¾ on plans to buy back from time to time up to 2m. of its own shares.

Kaiser Industries gained $¼ to $17—yesterday, two blocks of stock totallin gabout 2m. shares were traded.

Sonesta International Hotels jumped $2¾ to $6¾—Loews Corpn. wants to buy 300,000 Sonesta shares and may pay $7 each.

Foster Wheeler rose $1¼ to $23¾.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Bank America	229,700	24⅞	−⅛
Babcock and Wilcox	241,600	40⅞	+1⅛
Duke Power	226,100	20⅛	—
Bally Mfg.	199,200	25½	−3⅜
Westinghouse Elec.	199,200	19⅜	−⅛
Amer. Tel. Tel.	172,200	62⅛	−⅛
General Dynamics	161,100	54⅞	−3
Virginia Elec.	160,900	14⅞	—
Kresge S.S.	159,700	32¼	−⅛
Ford Motor	156,300	53⅜	−⅛

OTHER MARKETS

Canada again lower

Canadian Stock Markets continued to decline in light trading yesterday morning.

The Metals and Minerals Index dipped 3.9 to 1,131.7, Golds 16.5 to 1,059.5, Utilities 0.38 to 147.40, Banks 1.64 to 220.27 and Papers 0.08 to 111.36. Only Oil and Gas, up 0.4 to 1,116.9, moved against the general trend.

Northern Telecom gave way $⅜ to $32 and Royal Trust $¼ to $16¼, but Hudson's Bay Oil gained $¾ to $51¾. Shell Canada eased $¼ to $18¼.

H. Paulin "A" were up 10 cents to $3.50 on 15,000 shares. Zeller's fell 10 cents to $4.10 and Husky Oil lost $⅛ to $25.

National Trust improved $¼ to $17¼, but Alcan Aluminium were down $¼ to $27¼.

BRUSSELS—Quietly mixed.

U.K., Canadian and Gold Minings fell. Germans were mostly easier, but French stocks rose. U.S. issues were narrowly mixed.

AMSTERDAM—Mainly higher in fair trading.

Banks were steady. Insurances slightly higher, while Transportations were narrowly mixed.

Many Dutch Industrials moved up: Buehrmann-Tetterode Paper Products rose Fls1 to Fls74, Holec Electrotechnical Equipment Fls1.50 to Fls133.50 and KNP Paper Mills Fls1.80 to Fls.58.

Bonds gained an average of Fls.0.20 to Fls.0.30.

SWITZERLAND—Narrowly mixed in quiet trading.

Leading Banks, Insurances and Financials were barely changed, while Industrials fluctuated narrowly.

Dollar stocks were irregular, while Dutch and German shares were little changed.

COPENHAGEN—Mixed in moderate dealings. Banks were fractionally higher, while Communications, Insurances, Commodities, Shippings and Industrials were all mixed.

OSLO—Industrials and Shippings were slightly easier, while Insurances and Bankings were quiet. Market now closed until April 12.

GERMANY—Shares generally rose on increased demand.

In higher Banks, Deutsche Bank put on DM2 to 280—1976 parent net profit was little changed. Bayern Hypo gained DM4 to 278.

In Motors, BMW moved up DM2.80 to 225.

Metallgesellschaft gained DM1.5 to 232 on higher 1977 first five months' earnings. Thyssen were up DM1.3 to 118.3.

The Bond Market put on up to 25 pfennigs, with Regulating Authorities selling around DM8m. nominal of stock. Foreign Mark Loans were mixed.

VIENNA—Generally steady.

MILAN—Easier in fairly active trading.

Bonds were quietly steady.

SPAIN—Recent weakness persisted in most sectors, but pronounced rally in Galerias Preciados which further advanced 13 to 264.

Urquijo and Atlantico each resisted the decline in Banks Elsewhere, Dragados were under pressure and fell 17 to 435.

TOKYO—Slight rally. Volume 140m. (150m.) shares.

Some Export-Oriented shares recovered on the halt in the yen's rise, while the market was also encouraged by a decline in the outstanding balance of buying in Margin Trading.

Shares related to the Government Spending Programme and Chemicals, Motors and "speculatives" turned upwards on "cheap" buying.

Petroleums, which opened higher, turned lower towards the close on profit-taking. Pharmaceuticals, Ceramics, and some Machines also were lower on liquidation.

JOHANNESBURG—Gold shares continued to ease in line with European bullion indications.

Producers, Cons. Gold held unchanged at R4.15 following its results.

Metals lost ground in line with London Prices, with Messina shedding 5 cents to R3.10 in Coppers and Rooiberg down 55 cents to R5.0 in Tins. Platinums were little changed, while other Minerals were occasionally softer. Industrials were barely steady.

HONG KONG—Prices drifted lower on lack of interest. Overseas markets failed to give any lead and other negative factors included the subsidence of recent short covering and some disappointment that local interest rates were not cut on Monday.

Jardine Matheson fell 20 cents to $HK17.20, Wheelock Marden 12½ cents to $HK2.425, while Hong Kong Bank at $HK17.40 and Swire Pacific at $HK5.50 each shed 10 cents. Hong Kong Land, at 7.35 and Hutchison at $HK3.325 each eased 5 cents.

Cheung Kong firmed a further 10 cents to $HK8.75.

AUSTRALIA—Mixed in dull trading.

North Broken Hill rose 8 cents to $A1.28 and B.H. South, 2 cents to $A1.30, but Central Norseman fell 20 cents to $A3.40 and GMK 15 cents to $A1.85.

Pancontinental were 30 cents lower at $A10.50.

Thiess shed 7 cents to $A1.73, but Oakbridge put on 4 cents to $A1.13.

Indices

NEW YORK—DOW JONES

	Apr. 5	Apr. 4	Apr. 1	Mar. 31	Mar. 30	Mar. 29	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	916.14	915.56	927.36	919.13	921.21	952.01	999.75	915.56	1051.70	41.22

Gold recovers

Gold was very weak in early trading yesterday, ahead of the gold auction held by the International Monetary Fund. The metal opened at 146¾-147½, but sentiment improved during the day, although the volume of business was only moderate. It closed at $148¼-149, a rise of $¼ on the day. The krugerrand's premium over its gold content showed little change at 3.11 per cent. for domestic and international delivery.

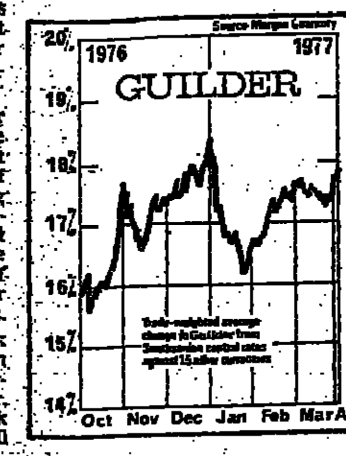
Sterling closed slightly weaker in very quiet trading in the foreign exchange market. It closed at $1.7190-1.7196, a fall of 6 points on the day, after trading within a narrow range of $1.7185-1.7200 throughout. The heaviest demand for the pound was in the early morning, and the Bank of England probably took in further foreign exchange for the reserves.

Sterling's trade-weighted index against 20 major currencies on the basis of the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, was unchanged all day at 61.8.

The Japanese yen was fairly steady after its recent advance, closing at Y273.20 in terms of the dollar, compared with Y273.10 previously. Some official intervention may have been required to hold the rate steady however, and the Italian authorities may have taken action to prevent too sharp a fall by the lira. The Italian currency finished at L888.15 against the dollar, compared with L887.40 on Tuesday.

The Canadian dollar continued to advance, closing at 94.81½ U.S. cents, against the previous level of 94.70½.

The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 0.94 per cent. from 0.89 per cent.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	April 5	April 4
Sterling	0.673902	0.673274
U.S. dollar	1.15891	1.15783
Belgian franc	42.4045	42.3766
Deutschemark	2.76864	2.76258
French franc	5.75804	5.75673
Italian lira	1028.39	1027.46
Japanese yen	315.803	316.403
Dutch guilder	2.88511	2.88068
Swedish krone	5.07313	5.07014
Swiss franc	2.94525	2.94170

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES

FORWARD RATES

GOLD MARKET

FOREIGN EXCHANGES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—115% (115¼%).

NEW YORK

CANADA

GERMANY

TOKYO

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

COPENHAGEN

STOCKHOLM

MILAN

VIENNA

SPAIN

FARMING AND RAW MATERIALS

هكذا من الاصل

Ontario to curb trade in options

By James Scott

TORONTO, April 6.

THE ONTARIO Government has introduced legislation to regulate most futures contracts and options traded on commodity futures markets recognised by the Ontario Securities Commission. The exception would be *bona-fide* hedging transactions entered into by parties that deal in produce or use the commodities that is professionals with an expert awareness of the market.

The legislation arises from abuses that have crept into the market-place this year in the trading of London commodity options by companies not registered with the Commission. The Commission recently ruled that such options are securities and as such the companies offering them are required to be registered with it.

Abuses arose when a number of American companies that had been barred from trading commodity options in the U.S. set up shop in Ontario and began using high pressure telephone selling techniques that promised large *profits to unsophisticated* investors.

These companies were buying options from a London broker at the market price after they received an order and cash from customers across Canada. They would then charge the customer as much as double the price paid to the London broker.

New legislation pretty well eliminates any trading in commodity options except those that are traded on the Winnipeg commodity exchange and those that may trade in the U.S. under government regulation.

Established commodity futures dealers in Ontario welcomed the proposed legislation

New rise in London coffee and cocoa markets

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE PRICES jumped on the London Robusta futures market yesterday, following a turnround in the New York market overnight. The July position gained £133 to £3,877 a tonne as the London market adjusted to the rise in New York.

The rise was mainly in early trading and values held steady thereafter against a background of more physical trade activity after two quiet days.

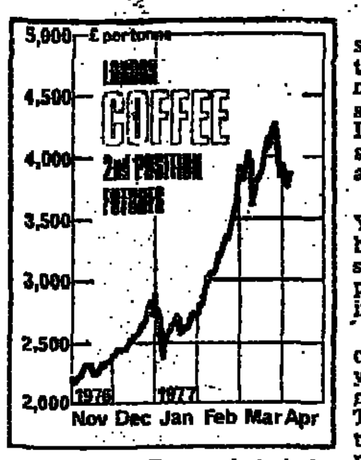
Interest centred on the announcement by Sr. Camillo Calazans, president of the Brazilian Coffee Institute that Brazil was not going to open export registrations for July at the moment.

The market had already anticipated this move in view of the fact that Brazil has already shipped 4.5m. bags of coffee this year and a further 3m. bags is committed for export up to end-June, which means it is above its export target of 12m. bags for *the whole year.*

Sr. Calazans said he did not know when the Coffee Institute would open July export registrations, since this would partly depend on when the price gap closed between Brazilian coffee and its competitors.

However, there is some nervousness in coffee market circles that Brazil might be forced to introduce some new form of export control, apart from prices, from the end of the current season on June 30 possibly in the form of quotas or allocations to exporters.

It is this which has encouraged buying interest for shipments during the first half of the year. Reports of large holdings by private sources in Brazil were generally discounted although it is recognised farmers normally understate their output.



At the same time, there is some uncertainty about the long-term impact of General Foods new "Mellow Blend" part coffee substitute, announced this week. Its introduction could cut coffee sales in the U.S. which is already a declining market.

Meanwhile the rise in New York was attributed partly to buying by producer interests and some covering of previous sales prior to the Easter holiday break in London.

Cocoa values also moved up on the London futures market yesterday. The July position gained £57 to £2,242.5 a tonne. The increase was attributed to the rise in the New York market, reports that the U.S. grindings figures for the third quarter might not be as bad as the 15 per cent. decline forecast and renewed rumours of defaults in Ivory Coast shipments.

London dealers, however, suggested the main influence was covering of previous sales in an oversold market prior to the Easter holiday and the continued tightness of nearby supplies. It was thought that in the longer term producing countries would have to start selling again, after missing the earlier higher prices.

U.K. switch to EEC egg grades

A NEW GRADING system for eggs was announced by the Ministry of Agriculture yesterday. It will give the housewife a wider choice from the autumn.

The new system will grade eggs into seven equally-spaced sizes by weight instead of the five irregular divisions now in use, and will bring the U.K. into line with Common Market egg-grading regulations.

It will also do away with the labels large, standard, medium, small and extra small which many people thought misleading. Instead the sizes will be known by their grade number.

Grade one will be all eggs weighing more than 70 grams, going down through the grades in five gram steps to Grade seven for all eggs under 45 grams. Grades one and two will cover most of the present large eggs, with grades three and four being approximately equal to the present standard

Mr. Edward Bishop, Minister of State for Agriculture, said the five-year derogation allowed the U.K. when Britain joined the Community to give our industry time to adapt to the EEC system ended on December 31.

AGRICULTURE IN BRAZIL

Soya farmers never had it so good

BY SUE BRADFORD IN SÃO PAULO

FARMERS HAVE never had it so good in Paraná and Rio Grande do Sul, the two States responsible for over four-fifths of Brazil's soyabean crop. With the harvest now well under way, money is beginning to flow freely around small towns, like Ponta Grossa, which are experiencing an unprecedented boom. Land values are rocketing, as other farmers try to leap on the bandwagon.

Producers to-day are receiving £9 for each 60-kilo bag of soya beans, which is twice the minimum price guaranteed by the Government, itself calculated to yield growers a small profit.

The Brazilian crop, which was earlier estimated at 12.5m. tonnes, has now been revised 12m. tonnes this year. The output increases are very largely the result of a rise in the area under cultivation.

Productivity is only increasing at a very slow pace and now stands at around 1,800 kilos per hectare. The most promising State for the future is Mato Grosso, where there is still plenty of unused land into which the agricultural frontier could expand.

Brazil's crushing capacity is growing at an extraordinarily rapid rate—much more quickly than the cultivation. By mid-year it will have reached 10m. tonnes, which is double the installed capacity two years ago. Next year it will increase to left to roam at will over large areas. Nearly all Brazil's feed production goes to poultry.

Brazil's oil exports go mainly to Africa, Latin America and Asia. Because of the 10 per cent. duty, Brazil's oil is not competitive in EEC countries. Europe, however, takes a large proportion of Brazil's exports of beans, meal and pellets.

Government officials are anxious to keep soyabean exports up to at least 2.5m. tonnes so that traditional customers are not lost. They feel that this level must be maintained even if it means further problems of idle capacity for the crushers.

With the country's present balance of payments difficulties,

BRAZIL'S SOYA EXPORTS
(in tonnes)

	1973	1974	1975	1976	1977†
Soyabeans	1.8m.	2.6m.	3.3m.	3.6m.	2.5m.-3.0m.
Meal and Pellets	1.6m.	1.7m.	3.1m.	4.4m.	4.8m.-5.0m.
Soyabean Oil	30,500	10,000	263,000	453,000	600,000-700,000
Total Value (U.S. dollars)	$926m.	$895m.	$1.3bn.	$1.8bn.	$2.5bn.

† Traders' prediction

Source: CACEX

downwards to 12.0m. tonnes or even less, due to drought. Unfavourable weather conditions could lead to still further reductions. Of this total, Rio Grande do Sul should produce 5.3m. tonnes and Parana 4.7m. tonnes.

In both these States, farmers make heavy demands on their land, carrying out a lucrative "dobradinha" (little double) of soyabeans and wheat. The soyabeans are planted in September/October and harvested in March/April. This still leaves time to cultivate wheat during Brazil's winter.

Apart from the high annual yield per acre, this system of double cropping also has the added advantage of allowing some savings on fertilisers, as the land does not have to be fully-treated twice a year. Some ecologists, however, are drawing attention to the problem of soil erosion that already results from such intensive land utilisation.

Gone are the dizzy days in the early 1970s when Brazil's soya crop was doubling every two years. Soyabean production now seems to have fallen into the comfortable pattern of an annual growth of around 10 per cent. From 9.9m. tonnes in 1975 to 11m. tonnes in 1976 and to 12m. tonnes or more, according to trade sources here.

Already companies are facing problems of idle capacity. The crush this year is put at between 8.2m. and 8.5m. tonnes which, although well up on last year's figure of 6.5m. tonnes, is considerably below full capacity. This problem is likely to intensify over the next few years.

Brazil's exports consist increasingly therefore of soyabean meal, pellets and oil. Traders are predicting exports of 4.8m.-5.0m. tonnes of meal and pellets and 600,000-700,000 tonnes of oil this year. This will probably make Brazil the number one world exporter of these products.

However, soyabean exports, which are estimated at 2.5m.-3.0m tonnes, will lag well behind the U.S. Traders here expect world prices to remain high throughout the year. They believe that the "soya complex" will bring in $2.5bn. this year, which will be about a fifth of the country's total export earnings.

Soyabean meal exports will be high because of the extremely low level of domestic consumption—just 1m. tonnes for a population of 110m. This is because few farmers give fodder to their cattle, which are largely the Brazilian authorities have been as delighted as the farmers by the present high world prices. For them, however, the blessing is not unmixed. The soaring world prices have fed domestic inflation. The cost-of-living index has been directly hit by the increase in the price of soya cooking oil, which is widely used by Brazilian housewives. And, more indirectly, the steep rise in the price of eggs and poultry has been largely caused by the increase in the cost of chicken feed.

The Government's recent decision to take a 7 per cent. cut in the fob price of soya exports is a means of holding down domestic prices. To reinforce the impact, the Government is to use the funds raised this way to subsidise the price of cooking oil and chicken feed on the domestic market.

● Our Commodities Staff in London reports: Soyabean meal futures again rose by the permissible £5 a tonne limit to new life of contract highs yesterday in another day of active trading. With the Chicago opening tone slightly less firm than had been anticipated, values drifted back slightly to close with June meal at £191.5 a tonne; a rise of £5.15 on the day.

Large export of EEC sugar authorised

BRUSSELS, April 6.

THE EEC COMMISSION authorised sales totalling 49,250 tonnes of white sugar at its weekly export tender compared with 34,350 tonnes last week. It fixed the maximum export rebate at 18.59 units of account per 100 kilos (18.551 UA last week), Commission sources here said.

The Commission also reduced the *fortnightly* fixed export rebate for raw sugar to 11 UA per 100 kilos from 12, but left the fixed rebate on Whites unchanged at 14 UA, reports Reuter.

In London meanwhile the size of the EEC sales prompted selling which brought values on the terminal market back to levels close to the previous day's close.

Wool textile demand doubts

MELBOURNE, April 6.

THERE ARE as yet few indications of the likely retail orders level for wool textile goods in the next northern hemisphere autumn/winter season, the Australian Wool Corporation said.

In its latest "monthly perspective," however, it said the level of retail interest apparent at a number of recently held garment *fairs was better than expected.*

This interest may be due to the fact that although the winter retail season just ended was generally poor, end-season sales held in February were reasonably successful in clearing retailers' stocks.

It said latest figures from Japan indicate a worsening of the supply/demand imbalance there, with stocks continuing to build up along the processing pipeline. Greasy wool stocks at end-January, for example, were 30 per cent. above the year earlier level. The decision to form a recession cartel to reduce worsted yarn production had not improved industry confidence.

Furthermore, a recent U.S. decision to lift all quantitative import restrictions on Japanese textile products is unlikely to lead to higher Japanese exports to the U.S., in the face of keen competition from lower-cost developing countries.

However, Australian wool exports rose to 425.92m. kilos estimated greasy equivalent in the first half (July-December) of the 1976-77 season from 312.96m in the same period the previous year, the AWC added.

Japan took 133.16m. kilos, compared with 102m.; the U.S.S.R. 45.3m. (24.36m.) and Italy 33.24m. (31.14m.).

The total includes all wool except yarn and wool on skins and includes AWC shipments to its foreign depots.

AWC stocks fell to 1.15m. bales on March 25 from 1.16m. on February 25, AWC said. This compared with stocks totalling 1.41m. bales a year earlier.

The net decrease of 10,000 bales was due to the sale of 31,000 bales, including 16,000 resubmitted at auction, and purchases of 21,000 consisting of fine Merino types and inferior skirtings.

Looking ahead, the AWC forecast that average weekly offerings at Australian wool sales in the post-Easter period to the end of the season will be about 61,000 bales against 113,000 bales in the same period last season.

Sales resume on April 20 in Fremantle after the Easter break and continue through to the season's end on June 30. Reuter

RUBBER PRICE STABILISATION PACT AGREED

JAKARTA, April 6.

The executive committee of the Association of Natural Rubber Producing Countries has agreed to implement a price stabilisation scheme for rubber concluded last November, committee sources said.

Under the agreement an international natural rubber council is to be established with headquarters in Jakarta to operate an initial buffer stock of 10,000 tonnes and implement a supply rationalisation policy if natural rubber prices fall below an agreed price. Reuter

Metals steady despite fall in copper

By Our Commodities Editor

COPPER PRICES lost further ground on the London Metal Exchange yesterday, but ended on a steadier note. Silver prices fell too, but other metals—notably tin—ended the day higher after rallying in afternoon trading.

A fall in the New York market drove copper values down in early trading, but some of the morning losses were recouped in the afternoon. Although cash wirebars closed £12.5 down at £848.5 a tonne, values moved up on the late kerb.

Tin after opening lower on the fall in Penang overnight rallied in quiet trading conditions in a market that was considered oversold.

As a result some buying interest in the afternoon lifted cash tin to £5,480 a tonne, £170 up on the previous close.

Lead and zinc, which also fell on Monday and Tuesday, recovered as well yesterday, to close on a higher note despite early setbacks.

The London bullion spot quotations for silver was cut by 6.75p to 273.5p an ounce at the morning fixing and ended the day only slightly higher at 275p.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange but steadied after a depressed start. Following the sell-off on Comex overnight, forward metal opened in London at £870 and advanced to £875 on trade and short-covering. But sellers emerged at this level and the [illegible] high point of £878 before profit-taking led to a close on the Kerb of £875.5. Turnover 12,800 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £840, three months £868, 65, 64, 65, 66, 67, 66, 65, 64, 65, 64, 63. Cathodes: Cash £839, 39, three months £854. Kerb: Three months [illegible] Afternoon: [illegible]

[illegible] 490, 485, 490. Kerb: Three months £5,840, 70, 5,500. Afternoon: Standard, three months £5,530, 40, 70, 80, 5,600, 610, 15. Kerb: Standard, three months £5,620, 10, 5,590, 80, 70, 80, 5,600.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TIN—Higher in thin trading [illegible]

LEAD—Recovered after a lower start [illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ZINC—Steady but [illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

I.G. Index 01-351 3466 Three months Tin 5570-5630

SILVER

Silver was fixed 6.75p an ounce lower for spot delivery in the London bullion market yesterday, at 273.5p. [illegible]

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	273.5p	-6.75	275.45p	-4.5
3 months	279.4p	-7.1	281.55p	-5.2
6 months	284.4p	[illegible]	291.75p	-5.75
12 months	302.2p	-7.5	—	—

LME—Turnover [illegible]

COFFEE

Following Tuesday's steady close, London opened sharply higher as expected, reports Drexel Burnham. Steadiness continued through to the mid-afternoon on short-covering and general buying prompted by the continuing discount of London against New York futures. [illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

COCOA

[illegible]

COCOA	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

GRAINS

THE BALTIC—[illegible]

May 84.45, Sept. 86.90, Nov. 89.15, Jan. 92.00, March 94.90. Business: May 84.45-84.35, Sept. 86.90, Nov. 89.00-88.90. Total sales: 39 lots.

HGCA—Location ex-farm spot prices. Other milling wheat No prices. Feed barley—Essex £82.90, Shropshire £85.00.

The U.K. monetary co-efficient for the week beginning April 11 will remain unchanged. [illegible]

EEC DAILY IMPORT LEVIES—[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

WOOL FUTURES

LONDON—[illegible]

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

MEAT/VEGETABLES

April 6. GB—Cattle 56.75p per kg.l.w. (—0.76); U.K.—Sheep 158.2p per kg.est. d.c.w. (+0.1); GB—Pigs 51.6p per kg.l.w. (+0.6). England and Wales—Cattle numbers up 10.4 per cent, average price 57.63p (—0.54); Sheep numbers down 12.1 per cent, average price 157.8p (+0.7); Pig numbers down 28.2 per cent, average price 51.7p (+0.7). [illegible]

SMITHFIELD—[illegible]

JUTE

DUNDEE—[illegible]

PALM OIL

LONDON PALM OIL TERMINAL—[illegible]

COTTON—Liverpool. [illegible]

GRIMSBY FISH—[illegible]

HIDES—[illegible]

COPRA—Philippines—[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated

	April 6 1977	+ or —	Month ago
Metals			
[illegible]	[illegible]	[illegible]	[illegible]
Oils			
[illegible]	[illegible]	[illegible]	[illegible]
Seeds			
[illegible]	[illegible]	[illegible]	[illegible]
Grains			
[illegible]	[illegible]	[illegible]	[illegible]
Other commodities			
[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

April 5	April 4	Month ago	Year ago
271.79	274.89	266.09	199.76

(Base: July 1, 1952=100)

REUTER'S

April 6	April 5	Month ago	Year ago
1726.6	1724.8	1728.6	1330.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	April 5	April 4	Month ago	Year ago
Spot	427.35	429.83	438.07	318.50
Futures	413.35	420.41	426.65	306.79

(Average 1924-25-26=100)

MOODY'S

	April 5	April 4	Month ago	Year ago
Spie Commodity	[illegible]	[illegible]	[illegible]	[illegible]

(December 31, 1931=100)

U.S. Markets

Metals fall but coffee rallies

NEW YORK, April 6.

COPPER closed limit down on aggressive Commission House liquidation. Most metals closed lower in sympathy with silver. Cocoa closed limit-up on trade buying. Coffee opened lower, then rallied limit-down on speculative selling but rallied to close limit-up on trade buying following rumours of the suspension of Brazilian registrations, Bache comments. [illegible]

STOCK EXCHANGE REPORT

Partial rally in Gilt-edged on technical considerations

Quiet equity trade leaves share index 2.0 down at 400.5

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 28	Apr. 6	Apr. 7	Apr. 20
Apr. 12	Apr. 21	Apr. 22	May 3
Apr. 25	May 5	May 6	May 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The pick-up in Tuesday's late trade led to hopes that the movement would be resumed in stock markets yesterday but the "cheap" buying in equities was not continued and the firmer start here was soon relinquished. Gilt-edged, on the other hand, saw the recent spate of profit-taking replaced by a small demand in an oversold market which resulted in a firm tone throughout the day and closing quotations were up to ½ better virtually throughout the list of dated issues. Closing levels were at, or near, the day's best and the Government Securities index, at 69.71, regained 0.35 of its previous three-day loss of 1.38.

Hopes for a further ½ per cent cut in Minimum Lending Rate were raised by yesterday's Treasury Bill rate indication of 9½ per cent. MLR, but a Bank of England signal for restraint in to-day's tender for Treasury Bills somewhat dampened enthusiasm on this score.

Potential buyers of equity shares stayed on the sidelines ahead of the long week-end with the uncertainties attaching to future wage controls and the accompanying inflationary implications still very much in mind. Prices of the index constituents fluctuated narrowly at slightly lower prices for most of the day but closed above the worst with losses generally limited to a couple of pence. Guest Keen, however, dropped 310p on the rights issue announcement and closed 14 down at 312p. The FT Industrial Ordinary share index, 3.8 down at the day's lowest at 11 a.m., was finally a net 2 points off at 400.5; excluding Guest Keen's fall, the index loss would have been reduced to 1.3.

Falls led rises, by two-to-one, for the fifth successive business day but the marginal overall falls were seen in the 0.1 per cent. loss in the All-Share index to 168.94. With the help of firmer Oils, the 500 share index was slightly harder at 182.78. Apart from Guest Keen, many other big names reported trading statements which received a mixed reception, while speculative issues were also again prominent in the day's trade. Official markings, at 7,682, were the highest in 13 trading days and were well above the recent daily average.

Gilts rebound

A more stable background in British Funds owed much to the reappearance of a few buyers in a market oversold after the past three-day reaction. The trend to lower interest rates — the coupon on the latest batch of Local Authority yearling bonds was in single figures for the first time since July, 1973 — probably influenced the small demand and, despite the Bank of England's signal of restraint in to-day's Treasury bill tender, there was hope of a small cut in Minimum Lending Rate to 9½ per cent. Quotations improved steadily from the outset and the market overcame a reactionary tendency in the afternoon to close at, or near, the day's best. Heaviest gains, extending to a full point, occurred in the area of the new medium/short tap, Exchequer 9½ per cent. 1982, the application lists for which opened and closed yesterday: dealings begin to-day in £15-paid form and the stock is expected to open at par. Maturities of a longer date recovered ⅛, while several high-coupon shorts also rallied that much. The recently issued Exchequer 12½ per cent. 1992, picked up ⅝ to 16½ (£15-paid), while Corporations rebounded a point in places. Elsewhere, Finance For Industry 14 per cent. 1983, also recovered a point to £44½ (£40-paid).

Arbitrage offerings released by stock exchange business in Far Eastern shares and institutional demand comprised the bulk of a moderate trade in investment currency. The former finally had the edge and the premium, after firming initially to 116½ per cent., reacted to close ⅛ down on the day at 115 per cent. Yesterday's SE conversion factor was 0.7037 (0.6966).

Sun Alliance fall

Interest in Insurances yesterday centred on the three Composite concerns reporting annual results. Sun Alliance were the first to disclose figures which proved to be disappointing and the shares responded sharply to touch 403p before closing 10 down on the day at [illegible]. Phoenix ended 4 off at 280p despite results which were in line with market expectations, while the Guardian Royal Exchange profits performance left the shares up at 186p. Eagle Star closed 3 lower at 168p and Royals declined 6 to 298p. Among Brokers, C. E. Heath cheapened 12 to 325p and Hogg Robinson receded 4 to 146p, but Press mention bolstered Chris Moran which gained 3 to 63p.

Home Banks continued to drift gently lower on lack of support apart from Midland which resisted with an improvement of 3 to 280p. Further consideration of the results left Bank of Scotland 2 easier at 241p. Discounts tended to harden in places; Seccombe Marshall and Campion at 230p, retrieved the previous day's decline of 10 in a thin market, while Clive, 76p, and Gillett, 175p, both hardened 2.

Breweries look on a slightly firmer appearance, but Wolverhampton and Dudley, a recent speculative favourite, remained on offer and reacted 3 more to 145p. Tollemache were similarly lower at 127p. Elsewhere, Distillers ended 1 dearer at 128p.

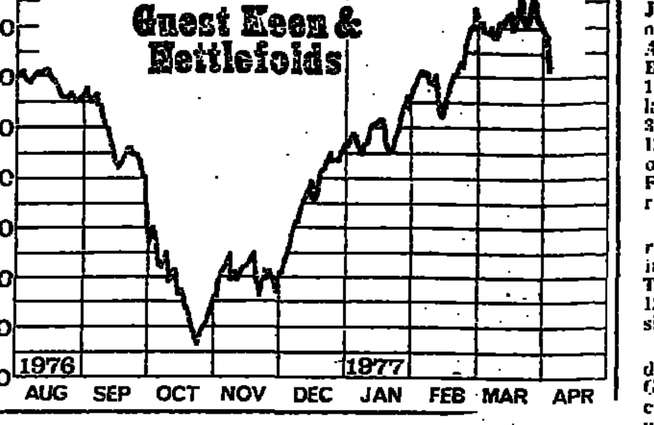
Buildings displayed no set trend after a small trade. Taylor Woodrow featured with a gain of 10 to 312p following the record profits, while RMC edged forward 1½ to 84½p, also after higher profits. George Dew hardened 2 to 99p with the help of Press comment and Tilbury Contracting were wanted at 237p, up 4. Hoveringham, on the other hand, shed 2 to 43p and the Restricted Voting 2½ to 33p on the disappointing results, while acquisition details failed to impress Montague L. Meyer, a penny off at 59p. International Paint lost 10 to 420p in a thin market and losses of 3 were recorded in Eastock Johnsen, 96p, May and Hassel, 69p, and [illegible] Timber, 84p. Phoenix Timber relinquished 6 at 82p.

Albright & Wilson were to the fore in Chemicals, rising 6 to 85p on the annual report and disclosure that the company is to invest more than £25m. in new plants in Britain and Canada. Brent hardened 4 to 134p and Alginate improved 5 to 242. Fisons, however, declined 8 to 325p and ICI drifted lower to close a penny off at 348p, after 346p.

The Electrical leaders held up relatively well and EMI moved within fairly narrow limits before closing without alteration at 200. GEC ended a penny cheaper at 168p, but Reyrolle traded firmly and closed 2 to the good at 145p. Decca were a better market at 277p, up 4, while Chloride regained 2 to 97p. Telephone Rentals, however, came on offer and reacted 5 to 84p. Despite the increased dividend and profits, Brocks Group lost 2½ to 42½p.

W. H. Smith please

Stores were highlighted by W. H. Smith which rose 16 to a 1977 peak of 446p on the much better-than-expected preliminary results. An investment recommendation drew buyers' attention to Church, which gained 6 to 97p but elsewhere the trend was easier. Lee Cooper, 70p, and Cope Sportswear, 56p, both gave up 4, while Blackman and Conrad eased 3 to 34p as did Formminster, to 94p. In Shoes, Hiltons Footwear added 3 to 50p in response to the good results.



The Engineering sector provided two of the main focal points of interest in the market yesterday. GKN were a dull but very active counter, the shares touching 310p before closing 14 down on the day at 312p with sentiment upset by the size (£66.8m.) and timing of the Board's rights issue announcement that accompanied the preliminary results. Herbert Morris, on the other hand, rose 6 to 2[illegible]p, after 270p, on the disclosure that Davy International, 6 lower at 181p, had finally won the battle for control of H.M. following its purchase of Babcock and Wilcox's near 40 per cent. stake at 277p per share and a further 11 per cent. in the market at a similar price; original bidders Babcock and Wilcox hardened a penny to 80p on the news but the other suitor Hawker Siddeley shed 3 to 493p, after 496p. Elsewhere, Tubes, 380p, and Vickers, 163p, both gave up 4, while John Brown receded 3 to 140p. Revived speculative interest in a thin market prompted a gain of 4 to 26p, after 27p, in Manganese Bronze and renewed buying lifted Rotork 7 to 110p. Late details of Francis Shaw's deal with the National Enterprise Board left the former 2 to the good at 27p. Further consideration of the results brought about a fall of 4 to 125p in Molins. WGI were a like amount easier at 72p and Spirax-Sarco, in ex-rights form, shed 7 to 190p with the new nil-paid closing at 40p premium. Recently firm on bid hopes, L. Gardner shed 5 at 195p.

A fair amount of interest was shown in the Food section where Cavenham became a lively market again and pushed ahead further to 130p before reacting to close only 1½ up on balance at 126½p following the announcement that discussions are not taking place with Generale Occidentale with a view to the latter making another bid for the outstanding minority. Tate and Lyle remained on offer and gave up 2 more to 248p, while the increased dividend gave up 3 to 214p. J. Bibby fell 5 to 110p, while losses of around 4 were marked against Associated Dairies, 250p, E. Matthews, 118p, and Kwik Save, 173p. On the other hand, speculative demand prompted a rise of 3 to 26p in Avana. Alpine Soft Drinks continued firmly, putting on 2 more to 80p, while Pork Farms rallied 3 to 183p after the recent setback.

Belated response to the recent results left Centre 2 firmer at 32p in Hotels. Elsewhere in the sector, Trust Houses Forte firmed 1½ to 127½p and Grand Metropolitan a similar amount to 73p.

A dull market since Monday's disappointing interim profits, Glaxo steadied yesterday and closed a penny better at 465p, while other Miscellaneous Industrial majors drifted lower on lack of support. Bowater shed 6 to 182p and Beecham 2 to 420p. Secondary issues were irregular with Kode International meeting revived speculative support and rising 3 to 95p, while improvements of 6 and 7 respectively recorded in James Warren, 73p, and Charles Hill Of Bristol, 123p. Christies International improved 2 to 65p with the help of Press comment, while the chairman's encouraging remarks on current year trade left Hoover A 2 to the good at 275p. Still awaiting further news of the recent bid approach, A. Gallenkamp shaded 3 to 282p on further profit taking. Dundonian came on offer at 72p, down 7. De La Rue lost 8 more at 360p and Johnson Matthey 5 to 380p.

Motors and Distributors were rarely altered. Lucas reacted to 230p before picking up to close at 231p, down 4 on balance. Caffyns were dull at 71p, down 3, along with Turner Manufacturing which cheapened 2 to 73p.

Properties dull

Trading statements prompted a few noteworthy movements in Newspapers and kindred issues. News International responded to the increased dividend and profits with a rise of 3 to 164p, while Harrison and Sons, 38p, and British Printing, 39½p, both moved up 4 on their preliminary statements. East Midland and Allied Press continued firmly, improving a penny more 41p, but Thomson Organisation remained on offer after the results and reacted 5 further to 435p. Bemrose eased 2 to a 1977 low of 52p.

The possibility of a small fall in Minimum Lending Rate to-day made scant impression on Properties which again presented a dull appearance. Losses were chiefly confined to secondary issues among which Property Holdings, 246p, and Imry, 162p, both lost 6, while Chesterfield, 178p, and Corn Exchange, 127p, gave up 5 apiece. The leaders were more frequently traded and, after easing in the early dealings, rallied to close little changed. Land Securities settled a penny off at 161p, after 158p, while MEPC closed without alteration at 80p, after 78p. Stock Conversion, on the other hand, remained on offer and lost 3 more to 174p. A speculative recommendation failed to influence Capital and Counties, unaltered at 17p finally, but news of the approach which could lead to an offer of 24p cash per share lifted Land Value 14 to 22p nominal. Winston Estates improved the turn to 21p on the increased dividend and profits announcement.

Oils were a relative backwater and although Shell, at 478p, regained the previous day's loss of 4, the volume of business in the shares was much smaller than on Tuesday. British Petroleum were little changed until the late trade when a revived modest interest on U.S. account lifted the price to 790p for a rise of 10. Burmah, at 59p, were unaffected by the shareholders action group statement, but investment dollar influences took Royal Dutch down ½ to £43. Secondary issues moved irregularly with Oil Exploration losing 3 to 96p despite satisfaction with the increased profits. Ultramar hardened 2 after-hours to 146p, but Century Oils eased the turn to 54p and the Australian Woodside-Burmah gave up 3 further to 84p in line with domestic market advices.

Scattered losses in Overseas Traders included S. and W. Berisford, 3 lower at 175p and Gill and Duffus, 2 down at 191p, after 189p. Paterson Zochonis lost 10 to 200p, with the A shares 5 off at 195p.

Trusts passed another drab day. Continental and Industrial fell 6 to 166p and Telephone and General were 4 lower at 150p. Jos Holdings, 38p, and Romney, 73p, both cheapened 3. Among Financials, Fashion and General were favoured after recent dullness and recovered 2 to 97p.

Shippings closed with little alteration. Ocean Transport steadied up at 151p, up 1p, after the recent reaction which followed the results, while Walter Runciman firmed 4 to 112p.

There were few movements of note in the Textile sector. Following overnight business, Caird Dundee reacted 5 more to 30p. Slimma gave up 3 to 96p, while the results failed to help A. Martin, which closed 1 cheaper at 48p. Mackinnon of Scotland were noteworthy for a reaction of 3½ to 15½p.

Rubbers were rarely altered, but in Teas McLeod Russel were noteworthy for a fall of 8 to 207p and Assam Dooars reacted 5 to 180p.

Gold down again

South African Golds ended the day lower on balance despite the rally in the bullion price—finally 25 cents firmer at $148.625 per ounce, after $147.20 at the morning fixing—in front of the outcome of yesterday's International Monetary Fund auction.

The sharemarket opened sharply lower reflecting the weakness of both the metal price and overnight transatlantic markets. Following nervous selling it eased further before being marked up in the afternoon on the recovery of the bullion price.

Of the heavyweights Randfontein closed ½ down on balance at £21½, after £21, while West Driefontein gave up ¼ at £16¼, after £16. The lower-priced issues also rallied and Buffels closed a net 20 off at 670p, after a 1977 low of 650p. Blyvoor ended 10 cheaper at 315p, after 305p. The Gold Mines index gave up 2.0 to 110.2, its lowest level since February 23.

Financials eased in sympathy with Golds and the U.K.-Industrial market. Of the overseas-based Finance Houses, Anglo-Vaal were 10 off at 810p and Union Corporation 5 down at 210p. De Beers, however, rallied after-hours to close 2 harder at 237p, after 230p.

Among the London-registered issues, Gold Fields eased a penny to 167p despite the increased half-year profits and dividend. Rio Tinto-Zinc fell 3 to 212p.

Platinums were easier with Rustenburg 3 down at 89p, while in Coppers, Minorco lost the same amount to 160p.

Australians suffered from a continuing lack of interest coupled with the easier tone of overnight home markets. Pancontinental dropped 75 more to 900p and Conzinc Riotinto 10 to 285p.

Falls of 4 were common to both MIM Holdings and Western Mining at 238p and 151p, respectively. Following the half-year loss, BH South eased a penny to 117p.

Elsewhere, Canadian influences lifted Colby Mines 2 to a [illegible] peak of 100p.

FINANCIAL TIMES STOCK INDICES

	Apr. 6	Apr. 5	Apr. 4	Apr. 1	Mar. 31	Mar. 30	A year ago
Government Secs	69.71	69.36	69.86	70.65	70.98	70.79	[illegible]
Fixed Interest	70.25	70.08	70.37	70.75	70.67	70.51	[illegible]
Industrial Ordinary	400.5	402.5	405.6	412.5	419.4	427.2	[illegible]
Gold Mines	119.2	121.2	122.6	122.1	123.0	123.4	[illegible]
Ord. Div. Yield	5.68	5.65	5.60	5.51	5.58	5.27	[illegible]
Earnings Y'ld % (full)	17.55	17.45	17.76	17.47	16.94	16.47	[illegible]
P/E Ratio (net) (*)	8.34	8.39	8.26	8.39	8.66	8.89	[illegible]
Dealings marked	7,682	6,877	6,945	6,542	6,444	6,639	[illegible]
Equity turnover £m.	—	61.40	45.17	69.45	68.99	111.55	[illegible]
Equity bargains total	—	16,817	17,044	17,076	19,984	19,797	[illegible]

10 a.m. 401.5. 11 a.m. 398.7. Noon 399.5. 1 p.m. 400.5. 2 p.m. 400.1. 3 p.m. 400.4. Latest index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.38.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	70.96 (31/3)	60.46 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.75 (1/4)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	433.8 (17/3)	357.6 (12/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 6	Apr. 5
Daily—		
Gilt-Edged	219.6	192.1
Industrials	270.0	241.6
Speculative	52.5	45.3
Totals	174.8	156.5
5-day Av'r'ge—		
Gilt-Edged	194.2	186.7
Industrials	242.8	238.5
Speculative	45.1	42.4
Totals	167.0	152.3

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	59	1	[illegible]
Corpns., Dom. and Foreign Bonds	18	4	[illegible]
Industrials	213	486	[illegible]
Financial and Prop.	53	201	[illegible]
Oils	6	5	[illegible]
Plantation	3	[illegible]	[illegible]
Mines	5	[illegible]	[illegible]
Recent Issues	16	4	[illegible]
Totals	367	[illegible]	[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS — Wed., April 6, 1977

Figures in parentheses show number of stocks per section

	Groups & Sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield %	Est. P/E Ratio (Net)	Tues. April 5	Mon. April 4	Fri. April 1	Thurs. March 31	Year ago
1	CAPITAL GOODS (177)	158.13	-0.5	19.27	6.52	7.65	158.96	160.75	163.28	165.43	[illegible]
2	Building Materials (29)	133.63	-0.3	20.02	7.49	7.39	134.03	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (24)	226.48	+0.3	19.73	4.90	7.69	226.01	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	312.68	-3.2	17.93	3.77	8.37	309.78	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering (Heavy) (11)	207.50	-0.2	23.35	6.37	5.91	207.97	[illegible]	[illegible]	[illegible]	[illegible]
6	Engineering (General) (67)	142.15	-1.1	19.35	7.37	7.58	143.71	[illegible]	[illegible]	[illegible]	[illegible]
7	Machine and Other Tools (9)	74.16	-0.8	26.82	8.10	[illegible]	74.75	[illegible]	[illegible]	[illegible]	[illegible]
8	Miscellaneous (21)	135.02	-0.4	17.74	6.90	8.26	135.55	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (52)										
11		141.18	—	19.56	5.57	7.61	141.12	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV (15)	159.75	+0.5	17.82	4.58	8.37	158.95	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	164.54	-0.1	23.07	8.41	6.89	164.65	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	91.58	-0.6	21.75	6.31	6.87	92.13	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (171)										
21		159.69	+0.1	15.76	6.61	9.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (15)	167.72	+0.1	15.07	7.16	9.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	194.32	+0.6	15.12	6.79	10.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (15)	209.67	-1.6	16.76	7.90	9.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	163.99	[illegible]	15.92	5.98	8.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (17)	168.39	-0.3	13.33	5.39	10.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (16)	236.66	-0.3	11.05	4.66	13.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	106.43	+0.4	17.41	7.45	8.83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (39)	139.06	-0.5	12.90	5.52	12.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (24)	148.10	+0.1	14.87	8.16	10.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobacco (3)	205.26	+0.2	22.18	3.75	5.99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (5)	82.58	-0.6	20.46	7.79	6.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (98)	219.13	—	16.87	5.41	8.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (498)	180.56	-0.1	17.06	6.43	8.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	435.58	+1.1	9.78	4.13	12.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	182.78	+0.1	15.77	6.00	9.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	126.82	-0.7	—	6.34	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	140.30	-0.6	27.90	6.48	5.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	149.82	+0.4	—	8.43	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	117.07	+0.1	7.96	5.97	25.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	101.38	-0.7	—	7.98	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	99.32	-0.1	—	7.44	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	270.53	-0.4	12.43	5.33	12.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (15)	64.05	-0.1	—	6.78	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	166.68	-2.6	4.61	3.38	34.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (6)	84.02	+1.2	17.06	10.25	6.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	161.69	-0.8	3.34	4.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	95.72	-0.9	11.06	5.29	11.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (18)	237.36	-0.3	17.99	5.96	7.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	168.94	-0.1	—	5.97	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

		Wed. April 6		Tues. April 5	Mon. April 4	Fri. April 1	Thurs. March 31	Wed. March 30	Tues. March 29	Mon. March 28	Year ago (approx.)
1	Consols 2½% yield		12.35	12.42	12.34	12.12	12.10	12.17	12.36	12.54	14.00
2	20-yr. Govt. Stocks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (34)

[illegible]

NEW LOWS (22)

[illegible]

CONTRACTS AND TENDERS

TENDER INVITATION

National Electric Power Authority invites tenders for the following works in the Niger State of Nigeria:

Project: Shiroro. Minna. Abuja. Bida 132 kV No. 233.115

(A) Substations
Supply, erection, commissioning of 132/11 kV substations at Shiroro. Minna. Abuja. Bida.

(B) Transmission Lines
132kV Transmission Lines:
Shiroro-Minna. double circuit 54 km
Minna-Abuja. double circuit 98 km
Minna-Bida. single circuit 90 km

The prospective bidders are allowed to quote for the *Works under (A) or (B) or both (A) and (B).*

The tender documents can be obtained from 15-4-1977 from:

Consulting Engineers
Oskar von Miller
Warngauer Strasse 46
8 Munich 90
West Germany

On the payment of DM 1.000.-to Messrs. OSKAR VON MILLER. Munich.

Sealed tenders addressed to

Director of Purchasing
NEPA, NEPA Headquarters
24/25 Marina
PMB 12030
LAGOS / NIGERIA

and marked "Shiroro-Minna-Abuja-Bida 132kV Project No. 233.115." shall be received till 15-7-1977 9.00 a.m. and shall be publicly opened at the same day at 11.30 a.m. in the above mentioned NEPA office.

BOND DRAWINGS

PETROLEOS DE PORTUGAL E.P., PETROGAL

5½% 1962/1978 UA 5,000,000

[illegible]

Luxembourg, April 7 1977

THE TRUSTEE.
KREDIETBANK S.A. LUXEMBOURGEOISE.

PUBLIC NOTICES

CLWYD COUNTY COUNCIL [illegible]

LUTON BOROUGH COUNCIL BILLS [illegible]

PLYMOUTH CITY COUNCIL [illegible]

MALAWI BUYING AND TRADE AGENTS [illegible]

METROPOLITAN BOROUGH OF ROCHDALE [illegible]

BASE LENDING RATES

A.B.N. Bank	9½%
Allied Irish Banks Ltd.	9½%
American Express Bank	10%
A P Bank Ltd.	9½%
Henry Ansbacher	10%
Banco de Bilbao	9½%
Bank of Credit & Cmce.	10½%
Bank of Cyprus	9½%
Bank of N.S.W.	9½%
Banque du Rhone S.A.	10½%
Barclays Bank	9½%
Barnett Christie Ltd.	12%
Bremar Holdings Ltd.	11%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	9½%
Canada Permanent AFI	10%
Capitol C & C Fin. Ltd.	10%
Cayzer Ltd.	10%
Cedar Holdings	12%
■ Charterhouse Japhet	9½%
C. E. Coates	10%
Consolidated Credits	9½%
Co-operative Bank	*9½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	12%
Duncan Lawrie	9½%
Eagil Trust	9½%
English Transcont.	10%
First London Secs.	9½%
First Nat. Fin. Corpn.	12½%
First Nat. Secs. Ltd.	12½%
■ Antony Gibbs	9½%
Goode Durrant Trust	9½%
Greyhound Guaranty	9½%
Grindlays Bank	‡9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
■ Hill Samuel	§9½%
C. Hoare & Co.	†9½%
Julian S. Hodge	11%
Hongkong & Shanghai	9½%
Industrial Bk. of Scot.	9½%
Keyser Ullman	10%
Knowsley & Co. Ltd.	12%
Lloyds Bank	9½%
London & European	11%
London Mercantile	9½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
National Westminster	9½%
Norwich General Trust	10%
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Bk. Canada Trust	9½%
Schlesinger Limited	10½%
E. S. Schwab	11%
Security Trust Co. Ltd.	11%
Shenley Trust	11%
Standard Chartered	9½%
Trade Development Bk.	9½%
Twentieth Century Bk.	11%
United Bank of Kuwait	9½%
Whiteaway Laidlaw	10%
Williams & Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee. [illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
GKN	£1	20	312	-14	347	277
BATs Defd.	25p	16	223	—	245	201
ICI	£1	15	348	-1	389	325
Cavenham	£1	13	126½	+1½	137	[illegible]
Midland Bank	£1	13	280	+3	297	[illegible]
Barclays Bank	£1	12	245	+3	285	235
Thorn Elec. "A"	25p	12	236	-2	256	200
Bowater	£1	11	182	-6	204	171
BP	£1	10	790	+10	930	776
Trafalgar House	20p	10	114	-1	127	[illegible]
Shell Transport	25p	10	478	—	542	[illegible]
De La Rue	£1	9	360	-8	390	[illegible]
Distillers	50p	9	128	—	140	[illegible]
Grand Met.	50p	9	73	+1	[illegible]	[illegible]
Morris (H.)	25p	9	255	[illegible]	270	[illegible]

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).

OPTIONS TRADED

Calls were done in Lofs, Burmah Oil, Hirst and Mallinson, Sheepbridge Engineering, Vantona, A. J. Mills, Eagle Star, Oil Exploration, Capital and Counties Property, British Petroleum, ICI, Avana, MK Electric, Lonrho, Dufay, Town and City Property, Leigh Interests and Combined English Stores. House of Fraser were dealt in for the put and a double option was transacted in Burmah Oil. Short-dated call deals were arranged in Cavenham and GKN, while doubles were transacted in Centre Hotels and ICI.

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 22	Apr. 4	Jun. 23	July 5
Apr. 5	Apr. 19	July 7	July 21
Apr. 20	May 2	July 21	Aug. 4

For rate indications, see end of Share Information Service.

هكذا من الرجل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Professional	387.6	399.4	-1.7	4.79
Property Shares	11.8	18.5	-0.3	3.35
Shield	38.7	43.6	-4.1	4.67
Status Change	28.8	28.2	-0.3	7.44
Univ Energy	27.8	29.4	-4.1	4.31

The British Life Office Ltd.♥ (a)

Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	45.4	48.0	-0.5	5.79
BL Balanced*	36.7	39.3		5.47
BL Dividend*	34.8	37.2		9.22

*Prices April 6. Next dealing April 13.

Guardian Royal Ex. Unit Mgrs. Ltd.

Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	69.4	71.9	+0.1	5.28

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 31, 1976, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Office Equipment	+ 26.23	Merchant Banks	+ 12.32
Contracting and Construction	+ 37.39	Shipping	+ 12.29
Machine Tools	+ 33.72	500 Share Index	+ 11.76
Engineering (Heavy)	+ 25.81	Breweries	+ 11.48
Food Retailing	+ 25.28	Insurance Brokers	+ 11.41
Electronics, Radio and TV	+ 23.78	Toys and Games	+ 11.33
Textiles	+ 23.06	All-Share Index	+ 11.24
Building Materials	+ 22.24	Insurance (Composite)	+ 10.85
Consumer Goods (Durable) Group	+ 22.07	Food Manufacturing	+ 10.42
Property	+ 21.13	Financial Group	+ 9.97
Household Goods	+ 20.78	Discount Houses	+ 9.55
Overseas Traders	+ 20.67	Chemicals	+ 7.80
Capital Goods Group	+ 20.43	Insurance (Life)	+ 6.92
Motors and Distributors	+ 19.98	Entertainment and Catering	+ 6.85
Stores	+ 18.47	Wines and Spirits	+ 5.41
Newspapers and Publishing	+ 18.24	Investment Trusts	+ 4.86
Packaging and Paper	+ 17.58	Banks	+ 2.58
Engineering (General)	+ 17.11	Gold Mines F.T.	+ 1.17
Electricals	+ 16.45	Tobaccos	+ 0.29
Industrial Group	+ 14.79	Oils	− 0.61
Mining Finance	+ 14.46		
Cons. Goods (Non-Durable) Group	+ 12.82		

† Percentage changes based on Tuesday, April 5, 1977 indices.

Flex. April 5	110.0	115.9	-1.0	—
Equity March 15		188.1		—
Equity 2 Apr. 5	176.5	185.8	-1.3	—
Prop. April 5	125.9	132.7	+0.2	—
Fxd. Int. April 5	129.5	136.4	+0.7	—
Money Fund	102.6	108.1	+0.2	—
Deposit April 5	108.7	114.5	+0.2	—
Pns.Cps. April 5	157.7	166.1	-1.0	—
Pen. Acc. April 5	179.5	189.0	-1.1	—
Exec. Pen. Cap.		111.38	+0.18	—
Exec. Pen. Acc.		116.43	+0.25	—

Individual Life Funds

Fixed Interest	138.9	146.3		—
Equity	105.4	111.0		—
Property	126.6	135.3		—
Managed	127.6	134.4		—
Money	111.9	117.8		—
K. & S. Gilt Bds.	135.4	133.2		—
K. & S. Govt. Sec.	114.3	120.4		—
Commodity UT	85.6	90.2		—
Growth UT	113.2	119.2		—
Capital UT	112.6	118.6		—
Income UT	118.7	125.0		—
International UT	132.0	139.0		—

Scottish Widows' Group

PO Box 902, Edinbrgh., EH16 5BU. 031-655 6000

Inv. Ply. Series 1		87.4		—
Inv. Ply. Series 2	82.8	87.2		—
Ex. Ut. Tr. Mar. 30	118.1	123.4		—
Mgd. Pens. Mar. 30	210.5	216.2		—

Moneymaker Fd.		85.8		—
Property Fund		63.1		—

Windsor Life Assur. Co. Ltd.

1 High Street, Windsor. Windsor 68144

Life Inv. Plans	61.3	64.5		—
FutureAssd Gth(a)		18.0		—
FutureAssd Gth(b)		43.0		—
Ret. Assd. Pens.		£21.46		—
Flex. Inv. Growth	102.4	107.8		—

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax.

INSURANCE BASE RATES

† Property Growth	10¼%
Cannon Assurance	9 %

† Address shown under Insurance and Property Bond table.

CORAL INDEX Close 399-404

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
—	—	Treas. 9¾pc '81 £15pd	£97	......	9.54	9.99
108⅝	95½	Treasury 12pc 1983‡‡	107⅜	+1	11.25	10.45
87⅝	72⅝	Funding 5½pc '82-84‡‡	85⅛	+½	6.48	8.47
94¼	77⅛	Treasury 8¼pc '84-86‡‡	93½	+½	9.29	9.93
80¼	66¾	Funding 6½pc '85-87‡‡	78¾xd	+½	8.26	9.90
85¼	68½	Treasury 7¾pc '85-88‡‡	84⅛	+⅝	9.35	10.42
61⅛	49¾	Transport 3pc '78-88	59⅝	+¼	5.10	8.86
64¼	53⅞	Treasury 5pc '86-89	62¾xd	+¼	7.95	10.36
109⅞	90	Treasury 13pc 1990‡‡	107⅝	+⅝	12.42	12.25
82⅛	67⅛	Treasury 8¼ 87-90‡‡	80⅞	-½	10.53	11.47
63⅞	53¾	Funding 5¾pc '87-91‡‡	62⅝xd	+⅜	9.19	11.06
105¾	91½	Treasury 12¾pc '92‡‡	103⅛	+½	12.69	12.66

Over Fifteen Years

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
18⅝	14⅝	Exch. 12¼pc '92 £15pd	16½	+⅜	12.57	12.62
103¾	84½	Treasury 12½pc '93‡‡	101⅛	+½	12.72	12.74
60⅞	51⅝	Funding 6pc 1993‡‡	59⅝	+⅜	10.15	11.60
110¼	96	Treasury 13¾pc 1993‡‡	108⅜	+½	13.04	12.93
113⅞	99	Treasury 14½pc '94‡‡	111¼	-¼	13.15	12.97
81⅞	66¼	Treasury 9pc '94‡‡	80⅛	+⅜	11.74	12.26
40⅞	32⅝	Gas 3pc '90-95	39½xd	+⅛	7.56	10.53
106¾	87	Treasury 12¾pc '95‡‡	104½	+⅝	12.61	12.81
78	66¾	Treasury 9pc '92-96‡‡	76¾	+⅜	11.81	12.26
118⅝	101⅛	Treasury 15¼pc '96‡‡	112¾xd	+⅝	13.40	13.25
109⅞	76½	Exchequer 13¼pc '96‡‡	107⅜	+⅝	12.95	12.90
39⅝	31¾	Redemption 3pc 1986-96	38¾xd	+⅛	7.75	10.40
107⅞	87⅛	Treasury 13¼pc '97‡‡	105⅛	+⅝	12.94	12.90
75⅝	64⅞	Treasury 8¾pc 1997‡‡	74⅛	+⅜	11.91	12.32
61⅝	50¼	Treasury 6¾pc '95-98‡‡	58⅝xd	+⅜	11.43	12.19
118⅝	103⅝	Treas. 15½pc '98‡‡	116¼xd	+⅝	13.37	13.25
81½	65⅞	Treasury 9½pc 1999‡‡	80½	+⅜	12.12	12.38
35⅛	27⅝	Funding 3½pc '99-04	34¼	+⅛	10.46	11.55
67	57½	Treasury 8pc '02-06‡‡	65⅞xd	+⅜	12.15	12.34
47½	40½	Treasury 5½pc '08-12‡‡	46⅜	+¼	11.97	12.16
66	53¼	Treasury 7¾pc '12-15‡‡	64⅞	+⅜	12.23	12.30

Undated

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
32⅞	26⅝	Consols 4pc	32¼	+¼	16.63	—
31½	25⅝	War Loan 3½pc‡‡	30⅞	+¼	11.80	—
31⅛	26¼	Conv. 3½pc '61 Aft.	30⅞xd	+¼	11.36	—
23½	20½	Treasury 3pc '66 Aft.	23½xd	+¼	12.77	—
20⅝	17¼	Consols 2½pc	20¼xd	+⅛	12.35	—
20	17⅛	Treasury 2½pc	19⅝xd	+⅛	12.76	—

**INTERNATIONAL BANK

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
81	75½	5pc Stock '77-82	80	-¼	6.30	70.08

**CORPORATION LOANS

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82	Birm'ham 9¾pc '79-81	91	+¼	10.17	11.96
85½	81½	Bristol 7¾pc '79-81	85½	+¼	9.07	11.94
106¼	93	G.L.C. 12½pc '82	105½	......	12.37	12.22
103½	96	Do. 12½pc 1983	103	+½	12.36	12.22
91½	85½	Glasgow 9¼ '80-82	91½	+½	10.55	12.30
85	76¼	Herts. 5½pc '78-80	84½	-½	6.21	11.26
94¼	90½	Liverpool 5¾pc '76-78	93¼xd	......	6.13	10.35
94½	79½	Do 9¾pc '80-84	94½	+1	10.75	11.69
26	22¼	Do. 3½pc Irred.	25¼xd	+¼	14.12	—
95½	89	Lon. Corp. 6½pc '75-78	95½	+¼	6.80	10.16
85½	75	Do 9¼pc '84-85	85½xd	+½	10.83	12.05
89½	85½	L.C.C. 6pc '76-79	89	+½	6.74	11.37
80½	70½	Do 5½pc '77-81	79½	......	6.91	11.51
73¾	60½	Do 5½pc '82-84	72¾	+½	7.69	11.32
66	52½	Do 5½pc '85-87	66	+½	8.55	11.55
65	51¾	Do 6¾pc '88-90	64¼	......	10.77	12.50
22¾	20	Do 3pc '20 Aft.	22	......	14.05	—
88¾	76¾	Middx 5¾pc 1980	84½	+¼	6.27	11.58
93½	84¼	Newcastle 9¾pc '78-80	95½xd	+½	9.89	11.57
102¾	90¾	Warwick 12½% 1980	102	-¼	12.25	11.77

COMMONWEALTH & AFRICAN LOANS

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93⅞	88¼	**Aust. 5½pc '75-78	93⅜xd	......	5.59	10.43
88½	79⅛	**Do. 5½pc '77-80	88	......	6.35	11.30
79	69¾	**Do. 5½pc '81-82	78¼xd	......	7.05	11.33
92	86½	**N.Z. 4pc 1976-78	91½	......	4.43	10.46
85½	61½	**Do. 6pc '76-80	87¾	......	6.86	11.31
79¾	66	**Do 7½pc '83-86	78	......	9.98	11.91
90	85	Sth. Africa 9½pc '79-81	86¼xd	+¼	10.93	13.40
47	31	Sth. Rhod. 2½pc '65-70	52	......	—	—
58	47	Do. 6pc '78-81	46	......	—	—

LOANS (Miscel.)

1977 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
55¼	44	Agric. Mt. 5pc '59-89	55¼	+1	9.26	12.40
80½	65½	Alcan 10½pc '89-94	69½	......	13.59	14.10
102¾	94	**FFI 13pc '81	101	-½	12.87	12.64
107	93	Do. 14pc 1979	102xd	......	13.73	13.10
70	59½	ICFC 8¾% Ln. 92-97	70	+2	12.99	13.50
101	89	Do. 9pc 1977	101	......	9.21	11.95
25¼	22	**Met. Water 3pc 'B'	24¾	......	12.25	13.66
110	101	U.S.M.C. 9pc 1982	110	......	8.43	7.40
87	77	Do. without Wrnts.	86½	......	10.86	13.60
95½	84	Ultramar 7pc '75-78	93½xd	......	7.49	11.40

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium.

AMERICANS

S.E. List Premium 42½% (based on $US1.7194 per £)

Conversion factor 0.7027 (0.6960)

CANADIANS

S.E. List Premium 42½% (based on $1.8137 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

مكتبة من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	38	Coronation 25c	55	−3	Q5c	8.4	6.1
130	70	Falcon Rh.50c	110xd	−5	†Q35c	1.7	31.1
14	9	Rhod'n Corp. 16½p.	12xd	−½	0.56	4.3	7.2
165	140	Roan Cons. K4	150	......	—	—	—
164	140	Tanganyika 50p	140	......	Q10.0	0.8	7.1
70	70	Do. Pref. 80p	70	......	Q9	10.2	10.3
35	27	Wankie Col. Rh.1	31	−1	Q7½c	1.5	23.7
27½	16	Zam.Cpr. SBD0.24	19½	−½	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	13	Acmex 25c	13	......	—	—	—
127	56	Bougainville 50 Toea	108	−2	Q10c	1.5	5.8
125	90	BH South 50c	117	−1	—	—	—
300	119	Conzinc Riotinto 50c	285	−10	Q9c	2.3	2.0
50	13	G.M. Kalgoorlie $1	40	......	—	—	—
98	78	Hampton Areas 5p	84	−1	1.3	5.0	2.4
35	22	Metals Ex. 50c	24	−1	—	—	—
25	13	Metramar 50c	13¢	......	—	—	—
242	188	M.I.M. Hldgs. 50c	238	−4	†Q4½c	1.8	1.2
105	20	Mount Lyell 25c	35	−5	—	—	—
2½	2	Newmetal 10c	2½	......	—	—	—
118	85	North B. Hill 50c	115	−1	†Q4½c	b2.6	4.8
7½	4½	Nth. Kalgurli	6½	......	—	—	—
104	87	Oakbridge $A1	104	+2	†Q9c	1.5	5.4
50	20	Pacific Copper	34	−2	—	—	—
£11	725	Pancont'l 25c	900	−75	—	—	—
11	8	Paringa Mg&Ex 5p	8	......	—	—	—
480	355	Peko-Wallsend 50c	470xd	−5	Q15c	2.7	2.0
—	—	Poseidon 50c	75¢	......	—	—	—
9	6	Vultan Min. 50c	6	−2	—	—	—
155	110	Westn. Mining 50c	151	−4	†Q5c	1.3	2.0
70	60	Whim Creek 20c	60	......	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	23	Amal. Nigeria	24	......	0.93	0.9	6.0
395	320	Ayer Hitam SM1	320	......	†23.0	1.4	11.1
44	25	Beralt Tin	42½	−1	Z4.0	2.8	14.5
485	385	Berjuntai SM0.5	490	......	†Q15	ϕ	7.8
360	260	Geevor	295	......	t17.87	—	9.3
13	8	Gold & Base 12½p	12	......	—	—	—
255	220	Gopeng Cons.	220	......	13.0	1.9	9.1
77	72	Hongkong	72	......	—	—	—
67	61	Idris 10p	62	......	7.15	ϕ	17.7
10	7	Jantar 12½p	8	......	—	—	—
49	35	Kamunting 15p	38	......	22.5	1.2	10.1
320	260	Killinghall	320	......	Q50.0	ϕ	15.6
255	227	Malay Dredging	230xd	......	11.0	1.1	7.4
—	—	ΔPahang	27#	......	Q2.5	0.5	9.2
52	50	Pengkalen 10p	50	......	5.5	1.3	16.9
155	133	Petaling SM1	155	......	Q12½c	10.9	2.0
51	35	Saint Piran	43	......	3.12	2.5	11.2
105	85	South Crofty (10p)	88	......	7.5	0.6	13.1
205	162	Sthn. Malayan	162xd	−1	11.8	1.1	11.2
62	57	Sungei Besi SM1	57	−1	—	—	—
37	19	Supreme Corp. SM1	32	......	ZQ10	—	7.8
55	42	Tanjong 15p	50	......	4.54	b1.8	14.5
67	45	Tongkah Hrbr. SM1	63	......	Q16.0%	0.3	6.7
113	93	Tronoh SM1	115	......	†4.29	2.0	5.8

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	145	Messina R0.50	178	−2	Q45c	2.8	16.9

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p.	9½	......	—	—	—
29	18	Charterhall 5p	26	+1½	—	—	—
100	58	Colby Mines $C1	100	+2	—	—	—
600	425	Cons. Murch. 10c	500	−10	Q140c	1.4	18.7
440	355	Northgate C$1	410	......	—	—	—
227	173	R.T.Z.	212	−3	g5.96	2.1	4.3
70	46	Sabina Inds. C$1	50	+1	—	—	—
£14⅛	£11⅛	Tara Exptn. $1	£13⅞	−⅛	—	—	—
53	39	Tehidy Minerals 10p	45	......	t1.19	2.2	4.1
160	123	Yukon Cons. C$1	154	−6	Q6½c	ϕ	1.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.

[illegible]

dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	20	......
Ash Spinning	45	......
Bertam	17	......
Bdg'wtr. Est. 50p	248	+5
Clover Croft	21	......
Craig & Rose £1	360	......
Dyson (R.A.)	22	......
Ellis & McHdy	59	......
Evans F'k.10p.	31	+1
Evered	11	......
Fife Forge	55	......
Finlay Pkg. 5p	16	......
Graig Ship. £1	320	......
Hallam Sleigh 10p	8½	......
Higsons Brew	75	......
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	213	......
Kleen-e-Ze	42	......
Lovell's Ship £1	160	......
Nthn. Goldsmith	26	......
Pearce (C. H.)	100	......
Peel Mills	13	......
Rubb Caledon5p	64	+1
Sayers 12½p	32	......
Sheffield Brick	65	......
Sheff. Refrshmt.	160	......
Shiloh Spinn	20	......
Sindall (Wm.)	56	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93⅝	+¼
Alliance Gas	40	......
Arnott	260	......
Carroll (P.J.)	89	......
Clondalkin	46	−2
Concrete Prods.	77	+2
Heiton (Hldgs.)	28	......
Ind. News	55	+2
Ins. Corp.	120xd	......
Irish Distillers.	50	−2
Irish Ropes	125	......
Jacob	42½	......
Sunbeam	18	......
T.M.G.	122½	......
Unidare	57	......

OPTIONS

3-month Call rates

Industrials

Stock	Rate
A. Brew	6½
A.P. Cement	18
B.S.R.	10
Babcock	8
Barclays Bank	25
Berry Wiggins	5
Beecham	32
Boots Drug	12
Bowaters	16
B.A.T.	22
British Oxygen	6
Brown (J.)	17
Burton 'A'	6
Cadburys	5
Cavenham	10
Courtaulds	10
Debenhams	8
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	20
Gen. Accident	17
Gen. Electric	17
Glaxo	36
Grand Met.	7
G.U.S. 'A'	18
Guardian	18
G.K.N.	25
Hawker Sidd.	40
House of Fraser	8
I.C.I.	25
"Imps"	7
I.C.L.	14
Inveresk	7
Ladbroke	11
Legal & Gen.	12
Lex Service	5
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	8
Lucas Inds.	20
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
Nat West. Bank	22
Do Warrants	9
P & O Dfd	12
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	20
Reyrolle	12
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Stock	Rate
Brit. Land	3½
Cap. Counties	3
E.P.	5
Intreuropean	7
Land Secs.	14
MEPC	7
Peachey	6
Samuel Props.	4½
Town & City	1½

Oils

Stock	Rate
Brit. Petroleum	60
Burmah Oil	8
Shell	28
Ultramar	16

Mines

Stock	Rate
Charter Cons.	18
Charterhall Fin.	4
Cons. Gold	15
Rio T. Zinc	18

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday April 7 1977

IMF seeks greater exchange rate movement

by SAMUEL BRITTAN in London and DAVID BELL in Washington

SURPLUS COUNTRIES like West Germany and Japan and deficit countries such as Britain and Italy should do more to adjust their exchange rates, according to the International Monetary Fund.

When the IMF interim committee meets in Washington at the end of April, this view is expected to be urged strongly by Dr. Johannes Witteveen, the managing director.

For the time being, this advice is being most strongly urged on Germany and Japan, whose currencies are still regarded as undervalued.

But the IMF also believes that countries such as the U.K. and Italy need to ensure that their currencies reflect comparative international inflation rates.

Discussions on the sterling exchange rate in fact figured very prominently in IMF discussions in London at the end of last year: and papers were exchanged between the Chancellor and the Fund, in addition to the published letter of intent.

Senior IMF officials believe that sterling has so far only depreciated enough to offset the disparity between British inflation rates and that of other countries, but not enough to secure "a positive gain."

Because of the strength of sterling, the Fund is hardly in a position to urge depreciation at the moment.

The mission to London last year took as its basis the prevailing exchange rate, then fluctuating in a range of a few points above $1.60, and made alternative projections of the further depreciation it believed necessary to keep British costs and prices in line with competitors.

One of the key projections showed sterling at $1.50 by the end of the financial year 1977-78.

In fact, sterling has appreciated since the agreement with the IMF, and the main problem for the British Government has been what to do about the upward pressure.

The Government has apparently decided to try to maintain the present rate of about $1.72 for as long as possible, in the interests of stability. But Ministers are aware that they might not be able to hold the rate down in face of a renewed inflow.

Visit to U.K.

The theory of export-led growth brought about by deliberate currency depreciation has also been condemned by a National Economic Development Office report which cites German successes in the face of an appreciating D-Mark.

The whole subject will be discussed again when a Fund mission visits Britain next month.

Meanwhile, several executive directors have taken strong exception to the line of the Fund staff on exchange rates. Opposition is not based merely on the hostility of countries to advice about their exchange rates.

There are also executive directors who believe that the IMF is applying a wrong theory, based on the experience of the Bretton Woods system, and is in danger of promoting vicious rather than virtuous circles in the countries which it is advising.

Economic Viewpoint Page 17

Davy takes Morris with £9.3m. bid

BY KEITH LEWIS

DAVY INTERNATIONAL has stepped in with a conclusive £9.3m. takeover bid to settle finally who controls Herbert Morris, the Loughborough crane manufacturers.

Having bought out at 277p the 39.2 per cent. stake held by Babcock and Wilcox, whose bid was fiercely contested by the Morris Board and the workforce—despite clearance by the Monopolies commission—institutions holding a further 11.2 per cent. fell rapidly into line yesterday on news of the bid, raising the Davy holding to 50.4 per cent., and then putting the issue beyond contention. The same offer is extended to all shareholders.

Davy's success in acquiring control brings to a close a battle that has lasted 17 months. The original offer came from Amalgamated Industrials, the Midland industrial holding company, which had accumulated a holding of nearly 40 per cent., but whose attempt to take over completely was finally frustrated by the Monopolies Commission.

After some reluctance on the part of Amalgamated to dispose of its stake, Babcock and Wilcox stepped in with a price of 120p for each Herbert Morris share, which immediately triggered off a similar bid for the remainder under the terms of the City Code on Take-overs and Mergers.

The Babcock bid last September immediately fell foul of the Morris management and workforce, and, to the City's surprise a second Monopolies probe was ordered. The Ministerial decision was in favour of Babcock, although it started a great deal of controversy since three members of the five-member team concluded that the Babcock offer, too, was against the public interest.

Talk of possible interest by third parties boosted speculation, and Babcock finally raised its offer from 148p a share to 205p, which compared with a low point for the shares in 1976 of 40p.

Stakes were raised still higher last week with the news that Hawker Siddeley had entered the bidding with an agreed offer of 245p cash for each share, which placed a value on the group of some £8.3m. Surprisingly, no attempts had been made by Hawker to acquire the key 40 per cent. holding still in the hands of Babcock.

The offer from Davy, apparently one of the interested parties throughout but reluctant to enter an auction, has been accepted by Babcock. The terms will give Babcock a profit of £2,050,000 on the disposal, to which must be added a dividend pay-out by Herbert Morris of £91,000.

The terms of the new offer from Davy, issued by merchant bankers Lazard Brothers—also retained by Babcock—are recommended by the Morris directors, and Hawker Siddeley has decided to withdraw. The effect yesterday was to leave the Herbert Morris share price 6p higher at 265p and Babcock 1p firmer at 80p. Davy, however, shed 6p to 181p.

For Davy, the take-over marks a move back into the heavier end of the engineering market—a sector that Davy left some time ago. However, Mr. John Buckley, the Davy chairman, said yesterday that his group was moving into cranes "because it will still take a long time to defy gravity."

The Davy bid also has the approval of the Herbert Morris workforce, whose opposition to earlier bids from Amalgamated and Babcock have undoubtedly played a part in the two references to the Monopolies Commission. A reference on the Davy bid is not expected.

News Analysis Page 13

MR. JOHN BUCKLEY
Moving into cranes

Brezhnev's health worries NATO

BY MALCOLM RUTHERFORD

THE HEALTH of Mr. Leonid Brezhnev, the 70-year-old Soviet leader, has become a topic of serious concern in Washington and other Western capitals following the Moscow visit of Mr. Cyrus Vance, the U.S. Secretary of State.

Senior members of the American delegation were struck by what they took to be a deterioration in Mr. Brezhnev's physical condition during the abortive round of talks on Strategic Arms Limitation.

This impression was conveyed explicitly in a briefing to the Nato Council in Brussels on Monday.

After the meeting several NATO officials said that they now believed that the health factor may be a further obstacle to progress in the SALT negotiations.

They argued that Mr. Brezhnev no longer found it easy to absorb new proposals, especially proposals as radical as those put by President Carter.

American sources quoted a number of instances of the apparent deterioration. They said that Mr. Brezhnev had difficulty in both hearing and speaking and that he read from a prepared brief whereas on previous occasions he has tended to be more spontaneous.

It was also claimed that his stamina was running out and that he no longer appeared to be putting in a full day's work.

I must be added that there have been similar reports before. They were particularly strong in 1975, before and after the final act of the European Security Conference in Helsinki.

It is also hardly surprising that a man of 70 should show visible signs of ageing. He has worn a hearing aid for some time and has also tended to slur his speech.

The important factor about the latest reports, however, is that they come from such high U.S. sources and the Americans are inclined to take them seriously.

The main policy implication is said to be that the Soviet leadership may now find it difficult to take decisions and may fall back on entrenched positions rather than make new departures.

This could apply particularly to SALT. According to some NATO officials, the leadership may prove incapable of making the mental jump to deal with American proposals which call for genuine strategic arms reductions.

Anti-proliferation talks, Page 16

THE LEX COLUMN

Bridging GKN's financing gap

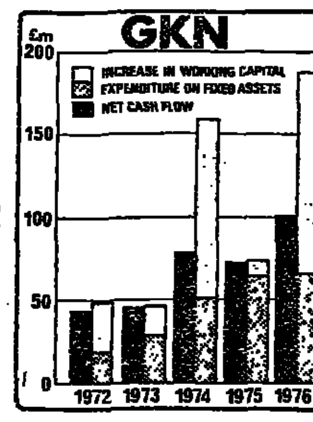
With its extensive interests in steel—in manufacturing and in distribution—Guest Keen has been right at the sharp end of British industry's stock financing problems over the past year. Successive price rises for steel have added up to some 38 per cent., and it looks as though, apart from currency effects, almost £100m. was absorbed in net working capital during 1976. With capital spending running at £66m. (and scheduled to climb to £95m. in the current year) it is scarcely surprising that GKN has come back to the stock market after an interval of only two years, this time raising £67m. through a one-for-five rights issue at 265p. From 38 per cent. of capital and reserves at the end of 1975, total debt has risen to 48 per cent. a year later and would have been through 50 per cent. (which the group cautiously regards as a ceiling) if reserves had not been bolstered by £34m. through the release of deferred taxation on property revaluations.

Meanwhile profits have been rising, and are in line with expectations at £97.8m. pre-tax (up 40 per cent.) after £15.7m. of additional depreciation. The gains, however, have been concentrated very largely in motor components which now provide almost half of trading profits. General engineering contributed some £3m. less, and although the steel and distribution divisions were together £6m. higher this is presumably where GKN achieved the stock profits which it estimates to be £16m. (against £11m. in 1975).

In the current year the group is looking for further volume improvements, and it may be that the new £36m. steel minimill and rod mill in South Wales will start contributing to profits. Moreover working capital requirements should be less onerous, partly because steel prices are likely to be more stable and partly because some of the stockbuilding at the new plant has already been accomplished. Assuming "satisfactory" results, net dividends will rise 25 per cent. for 1977—although if the standard rate of tax falls to 33 per cent. this could mean only a 21 per cent. rise in the gross for a prospective ex-rights yield of 7.8 per cent. at 312p, down 14p.

For the time being, though, it is worth asking whether GKN is being rather ambitious in its expansion plans. The completion of the Sachs deal, after all, would require a further £55m. of European borrowing, presumably another reason why the group could not afford to let its gearing ratios climb too far. On the other hand, Sachs would add maybe 4p a share (about a tenth) to earnings.

Index fell 2.0 to 400.5



Three composites

Guardian Royal Exchange seems certain to be the only major composite insurance company in the U.K. to report an underwriting profit for 1976—£3.8m. against £2.1m., despite U.K. subsidence costs of roughly £3m. and losses of at least that magnitude in Germany. Overall profits are up from £49.6m. to £61.1m. pre-tax. A negligible exposure in the U.S. is one explanation for this above average underwriting performance and an accounting change in Australia (which throws up an extra £1.3m.) is another. More generally, though, GRE has an enviable record for consistency in its results.

Until last year, the same could have been said of Sun Alliance. But the group has around 15 per cent. of the U.K. householder market with a bias towards the South East, where around three-quarters of the subsidence claims arose. As a result it has suffered more than any of the competition, with claims on this score amounting to £13.6m. Storm damage earlier in the year cost £4m., so from a near breakeven position in 1975 overall underwriting losses have jumped to £11m. in 1976, and pre-tax profits are only marginally ahead at £37.8m.

Phoenix Assurance is the third of yesterday's clutch of composites, and the story here is about a new broom in the U.S., where its business is pooled with the Continental. Reserves made in respect of prior years' business pushed Continental's U.S. operating ratio up by about three points, and the impact on Phoenix has been aggravated by the fall in sterling. As a result its underwriting losses are £2.1m. higher at £9.4m., of which £5.8m. comes from the U.S.

Both Phoenix and Sun ought to do considerably better in the current year and there is probably not much to choose between the three in terms of prospective p/e's—perhaps a point or so either side of 7. But the stable record gives GRE the edge with its dividend yield of 7¾ per cent.

Rowntree Mackintosh

The 1976 profits from Rowntree Mackintosh are 36 per cent. ahead at £30.9m. pre-tax, and thanks to a lower tax charge earnings per share are not far behind despite the rights issue, with a rise of a third to 37p on average capital. Earnings should move up again this year, but the momentum is clearly slowing. Price constraints world-wide remain a worry, while at home there is mounting competition and the possibility of a slowdown in consumer spending on confectionery. Sales volumes in the U.K. is only holding level at the moment, after gains of 4 per cent. in 1976.

Despite plenty of forward cover in the major commodities like sugar and cocoa, prices are being forced higher at home and the consumer could be going on the defensive. Kit-Kat had a record 1976 — its share of the market sector is now up to 25 per cent. — but the competition, notably the Mars Bar, is hitting back. Still, there is an obvious cushion in overseas profits, amounting to 43 per cent. of profits before interest and exports remain strong. Canada (up £1m.) and the decline in sterling (worth maybe £1½m.) were the main factors in an overseas profits gain of £4m., compared to pre-interest growth of £7m. overall.

On full capital, earnings per share could edge up to 40p this year on which basis the prospective p/e at 214p is 5¼. Mean time, the group is not deferring any of its spending plans. Some £65m. is to be put into fixed assets over the next three years starting with £25m. in 1977 compared to £16.1m. last year. Net borrowings at the year end represented around 30 per cent. of tangible shareholders' funds.

Meagre catches force fish prices to record level

BY JOHN EDWARDS, COMMODITIES EDITOR

SUPPLIES OF fish are likely to be scarce and at record price levels over the Easter holiday—traditionally a period of high demand.

This follows what is described as a "disastrous Easter week" for the British fishing industry with catches hit both by the newly imposed restrictions on distant water fishing and gale-force winds adding to the trawlers' problems.

As a result prices have soared because of the meagre catches landed at the main fishing points. Yesterday cod and haddock fillets fetched a record £9 a stone (14 lbs) wholesale at Hull.

The C. S. Forester, which was the only trawler to bring a catch to the fish-starved port, made £62,000 for the 19,000 stone. Ship's side cod was sold for £45.25 for 10 stone and haddock £47.25. There were similar high prices in Grimsby where five ships landed catches totalling only about 40,000 stone.

Retailers, because of the acute shortage of supplies and high prices, face a bleak Easter. One London fishmonger claimed it was the worst Easter he had experienced during 29 years in the trade. He said prices were at ridiculous levels with cod fillets at over £1 a pound, he would have virtually no fish to offer for sale in the morning.

The U.K. fishing industry is hoping for some relief as a result of the new move planned by Mr. Finn Gundelach, the EEC Commissioner for Fisheries, to secure renewed access for British fishermen in Icelandic waters.

However, British trawlers are being laid up as unprofitable, in spite of the record prices.

Irish ban, Page 4

Lending rate may be cut again to-day

By Michael Blanden

A FURTHER reduction in the official minimum lending rate is possible to-day, though the Bank of England yesterday repeated its signal to the money market that it would not welcome a sharp fall in rates.

The normal formula for determining MLR was re-activated last Friday. This followed the bank's decision to cut the official rate on Thursday to 9½ per cent. from the 10½ per cent. at which it had previously been held by administrative action.

Rates on Treasury bills yesterday were at levels which if maintained at to-day's weekly tender would bring a cut of ½ point in MLR on the market-related formula, with a possibility that the rate could be close to the trigger point for a ½ per cent. cut.

The Bank has the power to override the normal formula to prevent a fall it regards as excessive, and used this technique three weeks ago. Yesterday the Bank indicated its feeling by forcing the discount houses to borrow at MLR for seven days.

Mentmore hopes hit as time limit ends

BY RICHARD EVANS, LOBBY EDITOR

LAST-MINUTE HOPES of saving Mentmore Towers, the Buckinghamshire home of Lord Rosebery, were hit last night when the time limit for private donations ran out.

The house will go on the open market. Sotheby's will auction most of the art collection from May 18 to 27. Catalogues will be posted to-day.

No decision had been taken last night by the Treasury about accepting certain paintings and furniture in lieu of estate duty, but the cost to the National Land Fund of items accepted would be substantially below £1m., the Department of the Environment said.

The Government made it clear it would put up £1m. from the Fund for historic houses, provided the remainder of the £3m. came from private sources. About £1.1m. is understood to have been so raised.

In a statement from the Department of the Environment last night Lady Birk, the [illegible] that though there was abundance of goodwill and energy, it was impossible, in the time limit set, for private sources to organise sufficient financial contribution.

The executors offered to postpone a Sotheby sale to allow more time for private funds to be raised, but their terms for postponing the deadline were unacceptable to the Government, as these would have meant much more public expenditure.

The Department of the Environment claimed that had the property been handed to the National Trust an endowment of between £1m. and £2m. would have been necessary for upkeep.

Mr. Patrick Cormack, Tory MP for South-West Staffs, and one of the allparty group of MPs anxious to save Mentmore, said that in addition to the £1.1m. in donations they had received offers of £750,000 in interest free loans, but these were "unacceptable" to the Government.

"A unique place and a great bargain have been lost to the nation, and I only hope that all who have been involved in this sorry saga will learn valuable lessons from it, so that Mentmore Towers will not have fallen in vain," he said.

Trafalgar House Investments, the shipping and property group, offered more than £500,000 in return for a peppercorn lease on Mentmore of up to 50 years. The National Art Collections Fund was prepared to give an interest-free loan of £250,000.

The Government's announcement followed a statement from solicitors Allen and Overy, issued on behalf of Alliance Assurance and Lord Rosebery, that no further extension was possible.

Electricity shake-up urged

By David Fishlock, Science Editor

A STRONG PLEA to the Government to implement the basic Plowden Committee proposals for reorganising the electricity supply industry for England and Wales was made yesterday by Mr. Frank Tombs, newly appointed chairman of the Electricity Council.

Mr. Tombs, speaking at the annual delegate conference of the Electrical Power Engineers' Association in York, said he could not urge too strongly the "need for some real progress to be made in an atmosphere which seems to me uniquely favourable to change."

New appointments were needed to allow a break with well-established traditions of independence and "substitute for them a genuine industry outlook."

There was room for difference of opinion over the specific recommendations of the Plowden Report, published in December 1975.

He believed that they were "too centrist in character and too specific in organisational detail."

But they pointed the way to a sensible organisation in which strategic matters could be decided on an industry-wide basis, and made the valuable proposal that any reorganisation include the potential for subsequent change without need of a new Act of Parliament.

He believed that too much centralisation should be resisted.

Labour News, Page 13

Weather

U.K. TODAY

BRIGHT intervals. Wintry showers.

London, S.E., E. and N.E. England, E. Anglia
Bright intervals, frequent sleet or snow showers. Wind N., fresh. Max. 8C (46F).

Cent. S. and S.W. England, Midlands, Channel Isle, Wales
Sunny spells, sleet or snow showers. Wind N., fresh. Max. 7C (45F).

N.W. and Cent. N. England, Lakes, I. of Man, N. Ireland
Sleet or snow. Bright intervals. Wind N., fresh. Max. 4C (39F).

E. Scotland
Frequent snow or hail showers. Wind N., strong. Max. 4C (39F).

Outlook: Little change.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amsterdm.	R	6	43	Madrid	S	13	55
Athens	S	22	72	Manchstr.	R	6	43
Bahrain	S	29	84	Melbourne	C	14	57
Barcelona	S	16	61	Milan	F	13	55
Belfast	F	6	43	Montreal	C	−1	30
Belgrade	C	11	52	Moscow	F	5	41
Berlin	R	7	45	Munich	S	10	50
Birmghm.	C	9	48	Newcastle	F	6	43
Bristol	C	11	52	New York	S	8	46
Brussels	C	9	48	Oslo	Sn	1	34
Budapest	F	12	54	Paris	F	11	52
B. Aires	S	20	68	Perth	S	22	72
Cairo	S	26	79	Prague	C	7	45
Cardiff	R	9	48	Reykjavik	S	0	32
Cologne	C	8	46	Rio de J'o	C	28	82
Copnhagn.	C	6	43	Rome	S	19	66
Dublin	C	7	45	Singapore	S	31	88
Edinburgh	C	6	43	Stockholm	Sn	1	34
Frankfurt	C	8	46	Strasbourg	S	12	54
Geneva	S	13	55	Sydney	C	20	68
Glasgow	F	8	46	Tehran	S	23	73
Helsinki	Sn	−1	30	Tel Aviv	C	19	66
H. Kong	S	26	79	Tokyo	C	20	68
Jo'burg	C	24	75	Toronto	S	0	32
Lisbon	F	14	57	Vienna	S	12	54
London	C	11	52	Zurich	S	11	52
Luxembrg.	C	6	43				

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	F	17	63	Istanbul	C	20	68
Algiers	C	21	70	Jersey	C	11	52
Biarritz	S	18	64	Las Plms.	F	20	68
Blackpool	R	8	46	Locarno	S	14	57
Bordeaux	S	17	63	Majorca	F	16	61
Boulogne	C	9	48	Malaga	F	19	66
Casablnca.	C	18	64	Malta	S	26	79
Cape Town	S	27	81	Nairobi	C	20	68
Corfu	S	21	70	Naples	S	20	68
Dubrovnik	S	16	61	Nice	F	15	59
Faro	F	16	61	Oporto	R	11	52
Florence	F	17	63	Rhodes	F	22	72
Funchal	F	18	64	Salzburg	S	12	54
Gibraltar	S	18	64	Tangier	C	17	63
Guernsey	C	9	48	Tenerife	S	17	63
Innsbruck	S	12	54	Tunis	C	24	75
Inverness	S	4	39	Valencia	F	20	68
I. of Man	F	7	45	Venice	S	12	54

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

Continued from Page 1

Heathrow engineers

this has been questioned not only by the toolmakers, who were directly involved, but by other members of the union.

Although the Heathrow engineers are in breach of an AUEW executive instruction to return to work, it is less likely that union leaders will this time actively support management moves to dismiss them.

In the Leyland case the union was motivated by extreme concern about the possible effects of the dispute on the company, and the jobs of other workers there.

Although the Heathrow engineers are, like the toolmakers, demanding separate bargaining rights, they are supported in their aspiration this time by a decision of the AUEW's policy-making national committee.

There is an important similarity between the toolroom strike, the Heathrow engineers' claim for improved shift allowances, and the electricians' strike which has shut the Port Talbot steelworks, in that all involve skilled men dissatisfied with their relative pay position.

By last night British Airways had still not sent out dismissal notices to the Heathrow engineers, despite a warning that they would lose their jobs unless they resumed normal working by lunchtime on Tuesday.

It says that this is purely because of the administrative effort involved in considering the position of each man. Officials say the notices will go out to-day.

Yesterday's developments began when Mr. Reg Birch, an AUEW executive member, met shop stewards to deliver an executive instruction to call off their sanctions. The engineers refuse to work late or week-end shifts until they get an increase of one-third in shift allowances.

After 30 minutes, shop stewards left the meeting, saying that there had been "no change."

It had been expected that Mr. Birch would appeal for a return to work at a mass meeting of the engineering workers, but this did not happen. It is possible that the shop stewards will call a meeting to-day.

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